STATE OF DELAWARE

UNIFORM GUIDANCE
SINGLE AUDIT REPORT

YEAR ENDED JUNE 30, 2025

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STATE OF DELAWARE
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INDEPENDENT AUDITORS' REPORT

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

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

Qualified and Unmodified Opinions

We have audited the accompanying schedule of expenditures of federal awards (the Schedule) of the State of Delaware for the year ended June 30, 2025, 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, 2025, in accordance with the cash basis of accounting described in Note 1.

Basis for Qualified and Unmodified Opinions

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

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.

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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, 2025. Our audit, described below, did not include the operations of the Delaware State Housing Authority, Diamond State Port Corporation, Riverfront Development Corporation, Delaware State University, Delaware Charter Schools, and Delaware Agricultural Lands Preservation Foundation because other auditors were engaged to perform audits (when required) in accordance with the Uniform Guidance. We were separately engaged to perform, and we have separately reported on the results of our audit of the Delaware State University in accordance with Uniform Guidance.

Responsibilities of Management for the Schedule of Expenditures of Federal Awards

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the Schedule, whether due to fraud, or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Schedule.

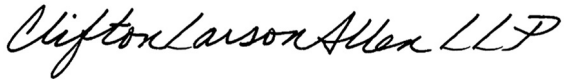
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State of Delaware's internal control. Accordingly, no such opinion is expressed.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2026, on our consideration of the State of Delaware's internal control over financial reporting of the Schedule and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State of Delaware's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Delaware's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Baltimore, Maryland
March 25, 2026

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, the general fund, federal fund, local school district fund, capital projects fund, lottery fund, DelDOT fund, and the aggregate remaining fund information and we were engaged to audit the business-type activities and unemployment fund of the State of Delaware (the State), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the State's basic financial statements, and have issued our report thereon dated December 22, 2025. Our report includes a reference to other auditors who audited the financial statements of certain agencies and component units of the State of Delaware, which represent the indicated percent of total assets and deferred outflows of resources and total revenues as described in our report on the State's financial statements and as presented in the following table. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those other auditors. This report does not include the results of our testing of internal control over financial reporting or compliance and other matters for the Delaware Department of Transportation, Delaware State Lottery and Delaware State University as we have issued separate reports for the Delaware Department of Transportation, Delaware State Lottery and Delaware State University. The financial statements of the Delaware Sustainable Energy Utility and the Riverfront Development Corporation of Delaware were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Delaware Sustainable Energy Utility and the Riverfront Development Corporation of Delaware.

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Opinion Unit	Entity	Percentage Audited by Other Auditors	
		Assets and Deferred Outflows of Resources	Revenues
Governmental Activities	Sustainable Energy Utility, Inc.	1.0%	0.4%
Discretely Presented Component Units	Delaware State Housing Authority, Diamond State Port Corporation, Riverfront Development Corporation, Delaware State Foundation, Delaware Charter Schools, and Delaware Agricultural Lands Preservation Foundation	86.0%	70.2%
General Fund	Sustainable Energy Utility, Inc.	2.5%	0.6%
Aggregate Remaining Fund Information	Delaware Public Employees' Retirement System and Delaware Other Postemployment Benefits Fund Trust	98.9%	89.2%

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 schedule of findings and management response as item 2025-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

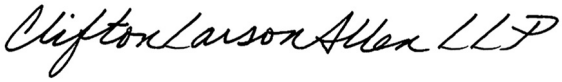
The Honorable Governor and
Honorable Members of the State Legislature
State of Delaware

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
March 25, 2026

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, 2025. 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
Child Nutrition Cluster	Qualified
Unemployment Insurance	Qualified
Temporary Assistance for Needy Families	Qualified
CCDF Cluster	Qualified
Children's Health Insurance Program	Qualified
Medicaid Cluster	Qualified
Opioid STR	Qualified
Summer Electronic Benefit Transfer Program for Children	Unmodified
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	Unmodified
Military Construction, National Guard	Unmodified
Federal Transit Cluster	Unmodified
Coronavirus Capital Projects Fund	Unmodified
Coronavirus State and Local Fiscal Recovery Funds	Unmodified
Title I Grants to Local Educational Agencies	Unmodified
Student Financial Assistance Cluster	Unmodified
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	Unmodified
1332 State Innovation Waivers	Unmodified
Block Grants for Substance Use Prevention, Treatment, and Recovery Services	Unmodified

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Qualified Opinions on Certain 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, 2025.

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, 2025.

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.

Matters Giving Rise to Qualified Opinion on Certain Major Federal Programs

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
Child Nutrition Cluster	10.553, 10.555, 10.556, 10.559, 10.582	Reporting - FFATA	2025-002
Unemployment Insurance	17.225	Special Tests and Provisions - UI Benefit Payments	2025-005
Unemployment Insurance	17.225	Reporting - ETA 2208A	2025-006
Temporary Assistance for Needy Families	93.558	Allowable Costs/Cost Principles - Time and Effort Reporting	2025-017
CCDF Cluster	93.575, 93.596	Eligibility	2025-018

Program	Assistance Listing	Noncompliance	Finding Number
CCDF Cluster	93.575, 93.596	Special Tests and Provision - Health and Safety Requirements	2025-019
Children's Health Insurance Program	93.767	Period of Performance	2025-021
Medicaid Cluster	93.775, 93.777, 93.778	Special Tests and Provisions - Provider Healthand Safety Standards	2025-022
Opioid STR	93.788	Reporting - FFATA	2025-026

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

Other Matters – Federal Expenditures Not Included in the Compliance Audit

The State's basic financial statements include the operations of the Delaware State Housing Authority, Diamond State Port Corporation, Riverfront Development Corporation, Delaware State University, Delaware Charter Schools and Delaware Agricultural Lands Preservation Foundation, which may have received federal awards, and which are not included in the State's schedule of expenditures of federal awards for the year ended June 30, 2025. Our audit, described below, did not include the operations of the Delaware State Housing Authority, Diamond State Port Corporation, Riverfront Development Corporation, Delaware State University, Delaware Charter Schools, and Delaware Agricultural Lands Preservation Foundation because other auditors were engaged to perform audits (when required) in accordance with the Uniform Guidance. We were separately engaged to perform, and we have separately reported on the results of our audit of the Delaware State University in accordance with Uniform Guidance.

Responsibilities of Management for Compliance

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

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 2025-008, 2025-009, 2025-010, 2025-011, 2025-012, 2025-013, 2025-014, 2025-015, 2025-016, 2025-023, 2025-024, and 2025-027. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

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

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

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 2025-002, 2025-005, 2025-006, 2025-007, 2025-017, 2025-018, 2025-019, 2025-021, 2025-022, 2025-025, and 2025-026 to be material weaknesses.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2025-003, 2025-004, 2025-008, 2025-009, 2025-010, 2025-011, 2025-012, 2025-013, 2025-014, 2025-015, 2025-016, 2025-020, 2025-023, 2025-024, and 2025-027 to be significant deficiencies.

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

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

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland
March 25, 2026

STATE OF DELAWARE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025

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		$ 902,969	$ -
Agricultural Marketing Service		10.163		4,589	-
COVID-19 - Specialty Crop Block Grant Program - Farm Bill		10.170	$ 30,493		30,489
Specialty Crop Block Grant Program - Farm Bill		10.170	147,325		136,348
Total Specialty Crop Block Grant Program - Farm Bill				177,818	166,837
Food Bank Network		10.182		799,516	610,000
The Emergency Food Assistance Program (TEFAP) Commodity Credit Corporation Eligible Recipient Funds		10.187		351,000	351,000
Cooperative Agreements with States for Intrastate Meat and Poultry Inspection		10.475		179,185	-
Supplemental Nutrition Assistance Program (SNAP) Employment and Training (E&T) Data and Technical Assistance Grants		10.537		2,151	-
Child Nutrition-Technology Innovation Grant		10.541		962,210	-
COVID-19 - Pandemic EBT		10.542		120	-
Pandemic EBT Administrative Costs		10.649		584,659	-
SNAP Cluster					
Supplemental Nutrition Assistance Program (SNAP)		10.551		260,004,282	-
State Administrative Matching Grants for the Supplemental Nutritional Assistance	Pro	10.561		22,126,725	-
Total SNAP Cluster				282,131,007	-
Child Nutrition Cluster					
School Breakfast Program		10.553		15,631,180	259,558
National School Lunch Program		10.555		40,832,595	600,933
COVID-19 - Summer Food Service Program for Children		10.559		2,836,808	1,373,628
Fresh Fruit and Vegetable Program		10.582		2,503,108	38,715
Total Child Nutrition Cluster				61,803,691	2,272,834
WIC Special Supplemental Nutrition Program for Women, Infants and Children		10.557		14,708,446	-
Child and Adult Care Food Program		10.558		20,248,134	18,205,394
State Administrative Expenses for Child Nutrition		10.560		1,258,392	-
Food Distribution Cluster					
Commodity Supplemental Food Program		10.565		112,496	112,496
Emergency Food Assistance Program (Administrative Costs)		10.568		358,373	212,086
Emergency Food Assistance Program (Food Commodities)		10.569		3,419,950	-
Total Food Distribution Cluster				3,890,819	324,582
COVID-19 - WIC Farmer's Market Nutrition Program (FMCP)		10.572	1,753		-
WIC Farmers' Market Nutrition Program (FMCP)		10.572	64,909		-
Total WIC Farmers' Market Nutrition Program (FMCP)				66,662	-
Senior Farmers' Market Nutrition Program		10.576	44,767		39,759
Senior Farmers' Market Nutrition Program - ARPA		10.576	10,364		-
Total Senior Farmer's Market Nutrition Program				55,131	
Child Nutrition Discretionary Grants Limited Availability		10.579		63,672	-
Food for Education		10.608		3,093,084	-
Farm to School State Formula Grant		10.645		38,282	-
Summer Electronic Benefit Transfer Program for Children		10.646		19,284,721	-
Cooperative Forestry Assistance		10.664		186,055	20
Urban and Community Forestry Program		10.675		148,645	-
Forest Stewardship Program		10.678		243,852	-
Forest Health Protection		10.680		99,321	-
National Fish and Wildlife Foundation		10.683		22,998	-
State & Private Forestry Cooperative Fire Assistance		10.698		30,403	-
Total U.S. Department of Agriculture				411,337,532	21,970,426
U.S. Department of Commerce:					
State Digital Equity Planning and Capacity Grant		11.032		50,681	-
Broadband Equity, Access, and Deployment Program		11.035		793,662	-
Economic Development Cluster					
COVID-19 - Economic Adjustment Assistance		11.307	2,661,707		-
Economic Adjustment Assistance		11.307	2,753,853		-
Total Economic Development Cluster				5,415,560	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

STATE OF DELAWARE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2025

Federal Grantor/Program or Cluster Title	Assistance Listing Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Commerce (Continued):			
Coastal Zone Management Administration Awards	11.419	$ 1,506,027	$ 27,614
Unallied Science Program	11.472	335,167	-
Office for Coastal Management	11.473	263,824	-
Atlantic Coastal Fisheries Cooperative Management Act	11.474	238,069	-
Manufacturing Extension Partnership	11.611	761,963	-
Total U.S. Department of Commerce		9,364,953	27,614
U.S. Department of Defense:			
Beach Erosion Control Projects	12.101	536,866	-
State Memorandum of Agreement Program for the Reimbursement of Technical Services	12.113	14,578	-
Federal Voting Assistance Program	12.219	261,000	-
Military Construction - National Guard	12.400	19,357,874	-
National Guard Military Operations and Maintenance (O&M) Projects	12.401	23,543,906	-
Total U.S. Department of Defense		43,714,224	-
U.S. Department of Housing and Urban Development:			
Fair Housing Assistance Program_State and Local	14.401	117,996	-
Lead Hazard Control Capacity Building	14.912	75,651	-
Total U.S. Department of Housing and Urban Development		193,647	-
U.S. Department of the Interior:			
Program Not Yet Cataloged	15.000	220	-
Fish and Wildlife Cluster			
Sport Fish Restoration	15.605	3,179,708	32,722
Wildlife Restoration and Basic Hunter Education	15.611	5,516,563	-
Total Fish and Wildlife Cluster		8,696,271	32,722
Cooperative Endangered Species Conservation Fund	15.615	64,268	-
Coastal	15.630	11,912	-
State Wildlife Grants	15.634	764,231	-
Adaptive Science	15.670	66,425	-
Historic Preservation Fund Grants-In-Aid	15.904	618,910	26,004
Outdoor Recreation_Acquisition, Development and Planning	15.916	641,577	-
Total U.S. Department of the Interior		10,863,814	58,726
U.S. Department of Justice:			
Sexual Assault Services Formula Program	16.017	749,534	723,788
Comprehensive Forensic DNA Analysis Grant Program	16.036	1,455	-
Matthew Shepard and James Byrd, Jr. Hate Crimes Education, Investigation and Prosecution Program	16.040	95,506	-
Juvenile Justice and Delinquency Prevention Program	16.540	401,082	285,282
Missing Children's Assistance	16.543	326,237	-
Title V Delinquency Prevention Program	16.548	160,194	157,233
State Justice Statistics Program for Statistical Analysis Centers	16.550	95,262	-
National Criminal History Improvement Program (NCHIP)	16.554	124,389	-
Crime Victim Assistance	16.575	4,834,595	4,112,901
Crime Victim Compensation	16.576	1,455,248	-
Drug Court Discretionary Grant Program	16.585	520,611	95,132
Violence Against Women Formula Grants	16.588	1,081,040	541,752
Residential Substance Abuse Treatment for State Prisoners	16.593	184,467	-
State Criminal Alien Assistance Program	16.606	1,334	-
Bulletproof Vest Partnership Program	16.607	38,392	-
Project Safe Neighborhoods	16.609	117,282	101,748
Public Safety Partnership and Community Policing Grants	16.710	353,188	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	1,394,617	543,369
DNA Backlog Reduction Program	16.741	607,401	-
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	262,661	-
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	100,491	77,638
Support for Adam Walsh Act Implementation Grant Program	16.750	7,524	-
Congressionally Recommended Awards	16.753	1,322,005	1,005,048
Court Appointed Special Advocates	16.756	9,956	-
Second Chance Act Reentry Initiative	16.812	289,775	170,311
NICS Act Record Improvement Program	16.813	85,385	-
John R. Justice Prosecutors and Defenders Incentive Act	16.816	124,365	-
Postconviction Testing of DNA Evidence	16.820	125,701	119,365
Domestic Trafficking Victim Program	16.834	96,864	41,112
Indigent Defense	16.836	76,146	-
Comprehensive Opioid, Stimulant, and Substance Abuse Program	16.838	2,132,973	983,297
Equitable Sharing Program	16.922	104,240	-
Total U.S. Department of Justice		17,279,920	8,957,976

See accompanying Notes to Schedule of Expenditures of Federal Awards.

STATE OF DELAWARE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2025

Federal Grantor/Program or Cluster Title	Assistance Listing Number	Federal Expenditures		Passed Through to Subrecipients
U.S. Department of Labor:				
Labor Force Statistics	17.002		$ 487,563	$ -
Compensation and Working Conditions	17.005		81,691	-
Employment Services Cluster				
Employment Service/Wagner-Peyser Funded Activities	17.207		2,320,071	-
Jobs for Veterans State Grants	17.801		514,148	-
Total Employment Services Cluster			2,834,219	-
COVID-19 - Unemployment Insurance	17.225	$ 300,952		-
Unemployment Insurance	17.225	49,476,516		-
Total Unemployment Insurance			49,777,468	
Senior Community Service Employment Program	17.235		1,669,763	-
Trade Adjustment Assistance	17.245		92,091	-
WIOA Cluster				
WIOA Adult Program	17.258		1,840,821	-
WIOA Youth Activities	17.259		1,826,808	-
WIOA Dislocated Worker Formula Grants	17.278		2,282,925	-
Total WIOA Cluster			5,950,554	-
H-1B Job Training Grants	17.268		2,492,991	-
Work Opportunity Tax Credit Program (WOTC)	17.271		163,752	-
Temporary Labor Certification for Foreign Workers	17.273		109,780	-
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277		1,115,679	-
Apprenticeship USA Grants	17.285		718,388	-
Community Project Funding/Congressionally Directed Spending	17.289		196,834	-
Consultation Agreements	17.504		671,566	-
Total U.S. Department of Labor			66,362,339	-
U.S. Department of Transportation:				
Airport Improvement Program	20.106		93,168	-
Highway Research and Development Program	20.200		7,009,521	-
Highway Planning and Construction	20.205		342,764,978	-
Recreational Trails Program, Revised	20.219		1,749,215	-
Highway Training and Education	20.215		206,219	-
			-	
FMCSA Cluster			-	
Motor Carrier Safety Assistance	20.218		1,803,522	-
Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements	20.237		597,477	31,199
Total FMCSA Cluster			2,400,999	31,199
Commercial Driver's License Program Implementation Grant	20.232		240,015	-
Federal-State Partnership for Intercity Passenger Rail	20.326		140,178	-
Railroad Crossing Elimination	20.327		91,392	-
Fuel Tax Evasion-Intergovernmental Enforcement Effort	20.240		26,574	-
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505		878,761	-
Federal Transit Cluster				
COVID-19 - Federal Transit Formula Grants	20.507	188,179		-
Federal Transit Formula Grants	20.507	17,506,317		-
Total Federal Transit Formula Grants			17,694,496	-
State of Good Repair Grants Program	20.525		10,225	-
Bus and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526		1,287,466	-
Total Federal Transit Cluster			18,992,187	-
				-
Formula Grants for Rural Areas and Tribal Transit Program	20.509		944,543	-
Transit Services Programs Cluster				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513		1,902,293	-
Total Transit Services Programs Cluster			1,902,293	-
Highway Safety Cluster				
State and Community Highway Safety	20.600		2,253,526	490,214
National Priority Safety Programs	20.616		2,197,642	419,295
Total Highway Safety Cluster			4,451,168	909,509

See accompanying Notes to Schedule of Expenditures of Federal Awards.

STATE OF DELAWARE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2025

Federal Grantor/Program or Cluster Title		Assistance Listing Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Transportation (Continued):				
Alcohol Open Container Requirements		20.607	$ 1,114,074	$ 440,216
National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements		20.614	49,322	-
Interagency Hazardous Materials Public Sector Training and Planning Grants		20.703	164,664	132,771
PHMSA Pipeline Safety Program One Call Grant		20.721	7,307	-
Strengthening Mobility and Revolutionizing Transportation (SMART) Grants Program		20.941	1,115,719	-
Total U.S. Department of Transportation			384,342,297	1,513,695
Department of the Treasury:				
Equitable Sharing		21.016	1,975	-
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds		21.027	170,832,309	40,462,056
COVID-19 - Coronavirus Capital Projects Fund		21.029	50,672,157	39,970,266
State Small Business Credit Initiative Technical Assistance Grant Program		21.031	4,764,598	-
Total Department of the Treasury			226,271,039	80,432,322
Equal Employment Opportunity Commission:				
Employment Discrimination Title VII of the Civil Rights Act of 1964		30.001	446,150	-
Total Equal Employment Opportunity Commission			446,150	-
National Endowment for the Arts:				
Promotion of the Humanities Division of Preservation and Access		45.025	1,423,468	-
Promotion of the Humanities Federal/State Partnership		45.129	6,400	-
Total National Endowment for the Arts			1,429,868	-
Institute of Museum and Library Services:				
Grants to States		45.310	1,793,794	-
Total Institute of Museum and Library Services			1,793,794	-
National Science Foundation:				
Education and Human Resources		47.076	1,364	-
Total National Science Foundation			1,364	-
U.S. Environmental Protection Agency:				
Air Pollution Control Program Support		66.001	931,647	-
State Indoor Radon Grants		66.032	105,469	-
Surveys Studies, Research, Investigations Demonstrations, and Special Purpose Activities Relating to the Clean Air Act		66.034	164,304	-
State Clean Diesel Grant Program		66.040	98,087	-
Climate Pollution Reduction Grants		66.046	1,029,309	557,368
Congressionally Mandated Projects		66.202	180,307	-
Water Pollution Control State, Interstate, and Tribal Program Support		66.419	1,668,197	517,176
State Public Water System Supervision		66.432	684,569	-
State Underground Water Source Protection		66.433	102,170	-
Water Infrastructure Improvements for the Nation Small & Underserved Communities Emerging Contaminants Grant Program		66.442	492,880	-
Water Quality Management Planning		66.454	147,953	130,000
Capitalization Grants for Clean Water State Revolving Funds		66.458	19,246,417	-
Nonpoint Source Implementation Grants		66.460	1,380,858	683,186
Regional Wetland Program Development Grants		66.461	133,457	-
Chesapeake Bay Program		66.466	2,116,017	1,315,502
Capitalization Grants for Drinking Water State Revolving Fund		66.468	21,518,847	338,313
Beach Monitoring and Notification Program Implementation Grants		66.472	194,858	75,338
Performance Partnership Grants		66.605	698,552	-
Hazardous Waste Management State Program Support		66.801	716,880	-
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative	Ag	66.802	408,859	-
Underground Storage Tank Prevention, Detection and Compliance Program		66.804	257,153	-
Leaking Underground Storage Tank Trust Fund Corrective Action Program		66.805	505,939	-
Superfund State and Indian Tribe Core Program Cooperative Agreements		66.809	664,613	-
State and Tribal Response Program Grants		66.817	458,939	19,100
Solid Waste Infrastructure for Recycling Infrastructure Grants		66.920	77,929	-
Geographic Programs - Chesapeake Bay Program Implementation, Regulatory/Accountability and Monitoring Grants		66.964	240,651	-
Total U.S. Environmental Protection Agency			54,224,861	3,635,983

See accompanying Notes to Schedule of Expenditures of Federal Awards.

STATE OF DELAWARE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2025

Federal Grantor/Program or Cluster Title	Assistance Listing Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Engineering:			
State Energy Program	81.041	$ 761,837	$ 499,074
Weatherization Assistance for Low-Income Persons	81.042	1,163,095	1,141,260
Renewable Energy Research and Development	81.087	360,739	360,739
Total U.S. Department of Engineering		2,285,671	2,001,073
U.S. Department of Education:			
Adult Education - Basic Grants to States	84.002	2,053,940	288,392
Student Financial Assistance Programs Cluster			
Federal Supplemental Educational Opportunity Grants	84.007	442,213	-
Federal Work-Study Program	84.033	608,033	-
Federal Pell Grant Program	84.063	30,124,700	-
Federal Direct Student Loans	84.268	12,330,848	-
Total Student Financial Assistance Programs Cluster		43,505,794	-
Title I Grants to Local Educational Agencies	84.010	49,190,559	5,173
Migrant Education_State Grant Program	84.011	492,721	-
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	416,317	-
Special Education (IDEA) Cluster			
Special Education Grants to States (IDEA, Part B)	84.027	41,703,073	7,000
COVID-19 - Special Education Preschool Grants	84.173	1,270,888	(55)
Total Special Education (IDEA) Cluster		42,973,961	6,945
Higher Education Institutional Aid	84.031	317,027	-
TRIO Cluster			
TRIO Talent Search	84.044	351,785	-
TRIO Upward Bound	84.047	1,800,607	-
Total TRIO Cluster		2,152,392	-
Career and Technical Education -- Basic Grants to States	84.048	5,966,297	-
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	13,104,655	-
Migrant Education Coordination Program	84.144	136,109	-
Rehabilitation Services Independent Living Services for Older Individuals Who are Blind	84.177	232,937	-
COVID-19 - Special Education-Grants for Infants and Families	84.181	$ 105,173	-
Special Education-Grants for Infants and Families	84.181	2,953,844	-
Total Special Education - Grants for Infants and Families		3,059,017	
Supported Employment Services for Individuals with the Most Significant Disabilities	84.187	294,834	-
Education for Homeless Children and Youth	84.196	336,288	550
Innovative Approaches to Literacy; Promise Neighborhoods; Full-Service Community Schools	84.215	130,980	-
Charter Schools	84.282	220,871	-
Twenty-First Century Community Learning Centers	84.287	5,453,187	3,097,331
Education Research, Development and Dissemination	84.305	503,291	-
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325	99,914	-
Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	84.326	23,812	-
Rural Education	84.358	227,737	-
English Language Acquisition State Grants	84.365	1,582,447	-
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	10,345,326	3,120
Grants for State Assessments and Related Activities	84.369	3,396,054	-
Student Support and Academic Enrichment Program	84.424	7,945,683	-
Education Stabilization Fund			
COVID-19 - HEERF Institutional Portion	84.425F	287,494	-
COVID-19 - HEERF Strengthening Institutions Program	84.425M	2,240	-
COVID-19 - Elementary and Secondary School Emergency Relief Fund III	84.425U	71,209,591	-
COVID-19 - Emergency Assistance to Non-Public Schools	84.425V	152,198	-
COVID-19 - Homeless Elementary Secondary School Emergency Relief	84.425W	1,170,145	-
Total Education Stabilization Fund		72,821,668	-
Total U.S. Department of Education		266,983,818	3,401,511

See accompanying Notes to Schedule of Expenditures of Federal Awards.

STATE OF DELAWARE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2025

Federal Grantor/Program or Cluster Title	Assistance Listing Number	Federal Expenditures		Passed Through to Subrecipients
U.S. Election Assistance Commission:				
2018 HAVA Election Security Grants	90.404		$ 292,371	$ -
Total U.S. Election Assistance Commission			292,371	-
U.S. Department of Health and Human Services:				
Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041		26,418	-
Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	93.042		90,996	-
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043		150,506	14,407
Aging Cluster				
COVID-19 - Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	$ 839,886		-
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	2,352,659		-
Total Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers			3,192,545	
COVID-19 - Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	1,352,173		-
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	5,341,906		-
Total Special Programs for the Aging, Title III, Part C, Nutrition Services			6,694,079	
Nutrition Services Incentive Program	93.053		542,184	-
Total Aging Cluster			10,428,808	-
Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048		352,997	-
National Family Caregiver Support, Title III, Part E	93.052		733,903	-
Public Health Emergency Preparedness	93.069		5,535,049	-
Environmental Public Health and Emergency Response	93.070		718,146	-
Medical Enrollment Assistance Program	93.071		77,845	-
Lifespan Respite Care Program	93.072		66,335	-
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079		82,886	-
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092		139,200	-
Maternal and Child Health Federal Consolidated Programs	93.110		675,540	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116		246,420	-
Emergency Medical Services for Children	93.127		152,285	-
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	93.130		224,012	-
Projects for Assistance in Transition from Homelessness (PATH)	93.150		124,829	110,826
Grants To States for Loan Repayment Program	93.165		174,697	-
Childhood Lead Poisoning Prevention Program (CLPPP)	93.197		557,583	-
Family Planning Services	93.217		1,046,381	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		2,240,932	27,600
Universal Newborn Hearing Screening	93.251		207,254	-
COVID-19 - Immunization Cooperative Agreements	93.268	2,148,991		
Immunization Cooperative Agreements	93.268	21,881,836		-
Total Immunization Cooperative Agreements			24,030,827	
Viral Hepatitis Prevention and Control	93.270		262,919	-
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	11,296,188		-
Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	15,505,669		-
Total Epidemiology and Laboratory Capacity for Infectious Diseases			26,801,857	
State Health Insurance Assistance Program	93.324		282,578	-
Behavioral Risk Factor Surveillance System	93.336		501,136	-
COVID-19 - Public Health Crisis Response Award	93.354	1,314,829		-
Public Health Crisis Response Award	93.354	130,477		-
Total Public Health Crisis Response Award			1,445,306	
ACL Independent Living State Grants	93.369		274,342	-
National and State Tobacco Control Program	93.387		742,031	-
Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391		1,415,598	-
Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health	93.421		114,571	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

STATE OF DELAWARE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2025

Federal Grantor/Program or Cluster Title	Assistance Listing Number	Federal Expenditures		Passed Through to Subrecipients
U.S. Department of Health and Human Services (Continued):				
1332 State Innovation Waivers	93.423		$ 52,675,458	$ -
Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke	93.426		1,658,144	-
Every Student Succeeds Act/Preschool Development Grants	93.434		6,098,024	4,979,473
Well-Integrated Screening and Evaluation for Women Across the Nation (WISEWOMAN)	93.436		180,215	-
Preventing Maternal Deaths: Supporting Maternal Mortality Review Committees	93.478		295,187	-
Congressional Directives	93.493		125,912	-
Community Health Workers for Public Health Response and Resilient	93.495		2,408,555	-
COVID-19 - Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution	93.498		242,480	
Promoting Safe and Stable Families	93.556		2,285,885	-
Temporary Assistance for Needy Families	93.558		30,739,421	-
Child Support Enforcement	93.563		23,213,323	-
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566		4,202,146	-
Low-Income Home Energy Assistance	93.568		18,991,036	1,779,377
Community Services Block Grant	93.569		4,393,516	2,063,449
CCDF Cluster				
COVID-19 - Child Care and Development Block Grant	93.575	$ 35,300		-
Child Care and Development Block Grant	93.575	26,209,051		-
Total Child Care and Development Block Grant			26,244,351	
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		11,460,616	-
Total CCDF Cluster			37,704,967	-
State Court Improvement Program	93.586		285,086	-
Community-Based Child Abuse Prevention Grants	93.590		221,467	-
Grants to States for Access and Visitation Programs	93.597		32,285	9,910
Chafee Education and Training Vouchers Program (ETV)	93.599		85,968	-
Head Start Cluster				
Head Start	93.600		3,002,152	1,990,755
Total Head Start Cluster			3,002,152	1,990,755
Adoption and Legal Guardianship Incentive Payments	93.603		284,013	-
Developmental Disabilities Basic Support and Advocacy Grants	93.630		537,255	158,804
Children's Justice Grants to States	93.643		93,298	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645		1,060,641	-
Foster Care Title IV-E	93.658		6,145,882	-
Adoption Assistance	93.659		5,158,287	-
Social Services Block Grant	93.667		4,243,381	-
Child Abuse and Neglect State Grants	93.669		583,809	-
COVID-19 - Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	1,146,260		1,106,598
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	981,819		894,923
Total Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services			2,128,079	
Chafee Foster Care Independence Program	93.674		524,680	-
Elder Justice Act – Adult Protective Services	93.698		151	-
Elder Abuse Prevention Interventions Program	93.747		376,433	-
Children's Health Insurance Program	93.767		39,964,902	-
State Grants for the Implementation, Enhancement, and Expansion of Medicaid and CHIP School-Based Services	93.771		263,223	-
Medicaid Cluster				
State Medicaid Fraud Control Units	93.775		2,174,158	-
State Survey and Certification of Health Care Providers and Suppliers	93.777		239,136	-
COVID-19 - Medical Assistance Program	93.778	1,528,609		-
Medical Assistance Program	93.778	2,221,779,256		-
Total Medical Assistance Program			2,223,307,865	-
Total Medicaid Cluster			2,225,721,159	-
Opioid STR	93.788		41,615,624	9,627,023
Section 223 Demonstration Programs to Improve Community Mental Health Services	93.829		278,751	6,081
COVID-19 - Maternal, Infant and Early Childhood Home Visiting Grant	93.870	140,529		-
Maternal, Infant and Early Childhood Home Visiting Grant	93.870	4,507,183		-
Total Maternal, Infant and Early Childhood Home Visiting Grant			4,647,712	

See accompanying Notes to Schedule of Expenditures of Federal Awards.

STATE OF DELAWARE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2025

Federal Grantor/Program or Cluster Title	Assistance Listing Number	Federal Expenditures		Passed Through to Subrecipients
U.S. Department of Health and Human Services (Continued):				
National Bioterrorism Hospital Preparedness Program	93.889		$ 1,102,229	$ -
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898		1,905,665	-
Foster Grandparent Program	93.912		1,195,377	103,855
Grants to States for Operation of State Offices of Rural Health	93.913		225,337	-
HIV Care Formula Grants	93.917		7,142,405	-
HIV Prevention Activities Health Department Based	93.940		1,444,758	-
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944		317,780	-
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946		264,601	-
COVID-19 - Block Grants for Community Mental Health Services	93.958	$ 1,847,059		1,838,754
Block Grants for Community Mental Health Services	93.958	2,502,929		-
Total Block Grants for Community Mental Health Services			4,349,988	
COVID-19 - Block Grants for Prevention and Treatment of Substance Abuse	93.959	2,039,061		1,496,271
Block Grants for Prevention and Treatment of Substance Abuse	93.959	7,692,314		-
Total Block Grants for Prevention and Treatment of Substance Abuse			9,731,375	
Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health	93.967		2,770,502	-
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977		619,848	-
Preventive Health and Health Services Block Grant	93.991		292,075	-
Maternal and Child Health Services Block Grant to the States	93.994		2,175,244	-
Total U.S. Department of Health and Human Services			2,635,929,878	26,208,106
Corporation for National and Community Service:				
COVID-19 - State Commissions	94.003	38,241		27,500
State Commissions	94.003	138,060		-
Total State Commissions			176,301	
AmeriCorps	94.006		833,154	833,154
Training and Technical Assistance	94.009		336,353	
Foster Grandparent/Senior Companion Cluster				
Foster Grandparent Program	94.011		194,328	-
Total Foster Grandparent/Senior Companion Cluster			194,328	-
AmeriCorps Volunteers In Service to America	94.013		15,000	-
Total Corporation for National and Community Service			1,555,136	860,654
Executive Office of the President:				
High Intensity Drug Trafficking Program	95.001		227,410	-
Total Executive Office of the President			227,410	-
Social Security Administration:				
Disability Insurance/SSI Cluster				
Social Security Disability Insurance	96.001		6,721,561	-
Total Disability Insurance/SSI Cluster			6,721,561	-
Total Social Security Administration			6,721,561	-
U.S. Department Homeland Security:				
Nonprofit Security Program	97.008		1,677,464	1,637,726
Boating Safety Financial Assistance	97.012		831,716	-
Community Assistance Program State Support Services Element (CAP-SSSE)	97.023		96,589	-
COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	2,935,230		2,798,628
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4,162,757		2,687,001
Total Crisis Disaster Grants - Public Assistance (Presidentially Declared Disasters)			7,097,987	
Hazard Mitigation Grant	97.039		454,487	399,734
National Dam Safety Program	97.041		81,507	28,354
COVID-19 - Emergency Management Performance Grants	97.042	267,587		116,387
Emergency Management Performance Grants	97.042	2,835,504		932,884
Total Emergency Management Performance Grants			3,103,091	
Assistance to Firefighters Grant	97.044		712,987	-
Cooperating Technical Partners	97.045		118,826	-
Pre-Disaster Mitigation	97.047		566,346	461,695

See accompanying Notes to Schedule of Expenditures of Federal Awards.

STATE OF DELAWARE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2025

Federal Grantor/Program or Cluster Title	Assistance Listing Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department Homeland Security (Continued):			
Port Security Grant Program	97.056	$ 708,273	$ -
Homeland Security Grant Program	97.067	5,312,329	464,196
Presidential Residence Protection Security Grant	97.134	2,241,103	2,155,286
State and Local Cybersecurity Grant Program Tribal Cybersecurity Grant Program	97.137	1,166,968	742,315
Total U.S. Department Homeland Security		24,169,673	12,424,206
Research and Development Cluster			
U.S. Department of Commerce			
Coastal Zone Management Estuarine Research Reserves	11.420	996,907	-
National Science Foundation			
Integrative Activities	47.083	47,496	-
U.S. Department of Energy			
Conservation Research and Development	81.086	7,021	-
U.S. Department of Health and Human Services			
Food and Drug Administration Research	93.103	301,950	-
Injury Prevention and Control Research and State and Community Based Programs	93.136	3,760,881	52,514
Biomedical Research and Research Training	93.859	87,662	-
Total Research and Development Cluster		5,201,917	52,514
Total Expenditures of Federal Awards		$ 4,170,993,237	$ 161,544,806

See accompanying Notes to Schedule of Expenditures of Federal Awards.

STATE OF DELAWARE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2025

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, 2025. 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 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, 2025, totaled $43,505,794. This amount is included on the SEFA (ALN 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.

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, 2025:

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

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 ALN number 17.225. The claim payments included in the SEFA at June 30, 2025 were $49,777,468.

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	$ 120
Supplemental Nutrition Assistance Program (EBT Payments)	10.551	260,004,282
Emergency Food Assistance Program (Commodities)	10.569	3,419,950
Food for Education (Commodities)	10.608	3,093,084
Immunization Grants (Vaccines)	93.268	15,988,209

NOTE 6 SUBRECIPIENTS

The amount of expenditures paid to subrecipients was $161,544,806 for the year ended June 30, 2025.

NOTE 7 RESEARCH AND DEVELOPMENT

The total direct amount expended for Research and Development was $5,201,917 for the year ended June 30, 2025.

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, 2025, $429,961 of approved eligible expenditures that were disbursed in a prior year are included on the schedule.

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

During fiscal year 2025, the state received cash rebates from infant formula manufacturers in the amount of $5,850,441 on sales of formula to participants in the WIC program (ALN 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
Child Care Development Block Grants	$ 26,209,051
CCDF Mandatory and Matching	11,460,616
CCDF ARP	35,300
Total	$ 37,704,967

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

STATE OF DELAWARE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

Section I – Summary of Auditors' Results

Financial Statements and Schedule of Expenditures of Federal Awards

1. Type of auditors' report issued:

Summary of Opinions	***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 ____x____ 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: $ 12,512,980

Auditee qualified as low-risk auditee? _____ yes ____x____ no

Section I – Summary of Auditors' Results (Continued)

Identification of Major Federal Programs

Major Programs	Assistance Listing	Opinion
Summer Electronic Benefit Transfer Program for Children	10.646	Unmodified
Child Nutrition Cluster	10.553, 10.555, 10.559, 10.582	Qualified
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	Unmodified
Military Construction, National Guard	12.400	Unmodified
Unemployment Insurance	17.225	Qualified
Federal Transit Cluster	20.500, 20.507, 20.525, 20.526	Unmodified
Coronavirus State and Local Fiscal Recovery Funds	21.027	Unmodified
Coronavirus Capital Projects Fund	21.029	Unmodified
Title I Grants to Local Educational Agencies	84.010	Unmodified
Student Financial Assistance Cluster	84.007, 84.033, 84.063, 84.268	Unmodified
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	Unmodified
1332 State Innovation Waivers	93.423	Unmodified
Temporary Assistance for Needy Families	93.558	Qualified
CCDF Cluster	93.575, 93.596	Qualified
Children's Health Insurance Program	93.767	Qualified
Medicaid Cluster	93.775, 93.777, 93.778	Qualified
Opioid STR	93.788	Qualified
Block Grants for Substance Use Prevention, Treatment, and Recovery Services	93.959	Unmodified

Section II – Financial Statement Findings

Finding 2025-001

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, 2023-001, 2024-001

Condition

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

In previous years, audit procedures revealed that several material accounts and balances lacked completed account reconciliations, making those balances unreliable for auditing. During this fiscal year, DOLUI made efforts to address these prior findings by preparing a trial balance and reconciling cash accounts as of year-end. Additional accounts were reconciled using historical data; however, these reconciliations did not include procedures to reconcile prior year balances or include supporting schedules. The results of reconciliation processes led to a prior period adjustment of $9.7 million. Despite the improvements, some systemic accounting and financial reporting weaknesses identified in earlier audits and separate reports from the Auditor of Accounts (AOA) remained unresolved during the current fiscal year. As a result of these matters, we were unable to determine whether further audit adjustments may have been necessary in respect to the unemployment fund account balances, and the elements making up the statement of activities and cash flows, resulting in a disclaimer of opinion for the Unemployment Insurance Trust Fund and Business-type Activities.

Criteria

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

Effect

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

Section II – Financial Statement Findings (Continued)

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 (in including prior year's balances as necessary), post adjusting journal entries, prepare detailed supporting schedules that agree to the trial balance accounts, and establish documented policies and procedures to continue these accounting practices into the future. They should also ensure adequate staffing is in place for the required workload in order to be able to keep up a timely account reconciliation process to ensure accounts are properly stated. The policies and procedures established should also ensure account reconciliations are reviewed timely and by the appropriate personnel.

Views of Responsible Officials and Corrective Actions

Management concurs with the findings. DOLUI engaged a consulting firm to identify accounting deficiencies and to develop and strengthen related internal control procedures. These enhanced controls have been implemented and are operating during the current fiscal year (FY 2026). In addition, DOLUI, in collaboration with the consulting firm, has performed reconciliations of prior-period account balances and worked to align its chart of accounts with those used by other funds within the primary government. Through these control enhancements, historical balance reconciliations, and alignment of the chart of accounts, DOLUI is committed to ensuring that account balances are accurate, reliable, and fully supportable for audit purposes.

Section III – Findings and Questioned Costs – Major Federal Programs

Matrix of Findings by Federal Agency and Federal Program

				Internal Control			
Major Federal Program	**Federal Agency (Prefix)**	**Assistance Listing**	**Finding #**	**Material Weakness**	**Significant Deficiency**	**Compliance**	**Compliance Area**
Child Nutrition Cluster	U.S.D.A. (10)	10.553, 10.555, 10.556, 10.559, 10.582	2025-002	X		X	Reporting - FFATA
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	U.S.D.A. (10)	10.557	2025-003		X		Allowable Costs/Cost Principles - Time and Effort Reporting
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	U.S.D.A. (10)	10.557	2025-004		X		Cash Management
Unemployment Insurance	U.S. DOL (17)	17.225	2025-005	X		X	Special Tests and Provisions - UI Benefit Payments
Unemployment Insurance	U.S. DOL (17)	17.225	2025-006	X		X	Reporting - ETA 2208A
Unemployment Insurance	U.S. DOL (17)	17.225	2025-007	X			Reporting - ETA2112
Unemployment Insurance	U.S. DOL (17)	17.225	2025-008		X	X	Allowable Costs/Cost Principles - Time and Effort Reporting
Unemployment Insurance	U.S. DOL (17)	17.225	2025-009		X	X	Allowable Costs/Cost Principles - General Disbursements
Unemployment Insurance	U.S. DOL (17)	17.225	2025-010		X	X	Eligibility
Unemployment Insurance	U.S. DOL (17)	17.225	2025-011		X	X	Reporting - ETA9130
Unemployment Insurance	U.S. DOL (17)	17.225	2025-012		X	X	Special Tests and Provisions - Employer Experience Rating
Coronavirus State and Local Fiscal Recovery Funds	U.S. TREAS (21)	21.027	2025-013		X	X	Reporting
Coronavirus Capital Projects Fund	U.S. TREAS (21)	21.029	2025-014		X	X	Procurement
Coronavirus Capital Projects Fund	U.S. TREAS (21)	21.029	2025-015		X	X	Reporting
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	U.S. HHS (93)	93.323	2025-016		X	X	Allowable Costs/Cost Principles - Time and Effort Reporting
Temporary Assistance for Needy Families	U.S. HHS (93)	93.558	2025-017	X		X	Allowable Costs/Cost Principles - Time and Effort Reporting
CCDF Cluster	U.S. HHS (93)	93.575, 93.596	2025-018	X		X	Eligibility
CCDF Cluster	U.S. HHS (93)	93.575, 93.596	2025-019	X		X	Special Tests and Provision - Health and Safety Requirements
CCDF Cluster	U.S. HHS (93)	93.575, 93.596	2025-020		X		Allowable Costs/Cost Principles - Time and Effort Reporting
Children's Health Insurance Program	U.S. HHS (93)	93.767	2025-021	X		X	Period of Performance
Medicaid Cluster	U.S. HHS (93)	93.775, 93.777, 93.778	2025-022	X		X	Special Tests and Provisions - Provider Health & Safety Standards
Children's Health Insurance Program Medicaid Cluster	U.S. HHS (93)	93.767, 93.775, 93.777, 93.778	2025-023		X	X	Special Tests and Provisions - Managed Care Financial Audit

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

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

				Internal Control			
Major Federal Program	**Federal Agency (Prefix)**	**Assistance Listing**	**Finding #**	**Material Weakness**	**Significant Deficiency**	**Compliance**	**Compliance Area**
Medicaid Cluster	U.S. HHS (93)	93.775, 93.777, 93.778	2025-024		X	X	Eligibility
Opioid STR	U.S. HHS (93)	93.788	2025-025	X			Allowable Costs/Cost Principles - Time and Effort Reporting
Opioid STR	U.S. HHS (93)	93.788	2025-026	X		X	Reporting - FFATA
Block Grants for Substance Use Prevention, Treatment, and Recovery Services	U.S. HHS (93)	93.959	2025-027		X	X	Reporting - FFATA

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

Reference Number:	2025-002
Prior Year Finding:	No
Federal Agency:	U.S. Department Agriculture
State Department Name:	Department of Education
Federal Program:	Child Nutrition Cluster
Assistance Listing Number:	10.553, 10.555, 10.556, 10.559, 10.582
Award Number and Year:	202424N109941 (10/1/2023 – 1/30/2025) 202424L160341 (10/1/2023 – 1/30/2025) 202525N109941 (10/1/2024 – 1/28/2026) 202522L160341 (10/1/2024 – 1/28/2026)
Compliance Requirement:	Reporting – Federal Funding Accountability and Transparency Act (FFATA)
Type of Finding:	Material Weakness in Internal Control Over Compliance, Material Noncompliance

Criteria or Specific Requirement

Compliance: Per the Federal Funding Accountability and Transparency Act (FFATA), prime (direct) recipients of grants or cooperative agreements are required to report first-tier subawards of $30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS). Reports must be filed in FSRS by the end of the month following the month in which the prime recipient awards any sub-grant greater than or equal to $30,000. If the initial award is below $30,000 but subsequent grant modifications result in a total award equal to or over $30,000, the award will be subject to the reporting requirements as of the date the award exceeds $30,000. If the initial award equals or exceeds $30,000 but funding is subsequently de-obligated such that the total award amount falls below $30,000, the award continues to be subject to FFATA reporting requirements. On March 8, 2025, FSRS.gov was retired, and all subaward reporting data and functionality transitioned to SAM.gov after that date.

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).

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

Condition

The Department of Education (Department) did not report subaward information in accordance with FFATA requirements.

Context

Five of five subawards selected for testing were not reported per FFATA requirements.

Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
5	5	0	0	0
Dollar Amount of Tested Transactions	**Subaward not reported**	**Report not timely**	**Subaward amount incorrect**	**Subaward missing key elements**
$2,705,634	$2,705,634	$0	$0	$0

Cause

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

Effect

Subawards were not reported in accordance with FFATA requirements.

Questioned costs

None noted.

Recommendation

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

Views of Responsible Officials

The Department will revise and strengthen our policies and procedures to ensure full compliance with FFATA reporting requirements. Updated procedures will require that all applicable child nutrition subawards of $30,000 or more are reported in SAM.gov no later than the end of the month following the month in which the subaward is made, in accordance with Uniform Grant Guidance.

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

Reference Number:	2025-003
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:	Division of Public Health
Federal Program:	WIC Special Supplemental Nutrition Program for Women, Infants, and Children
Assistance Listing Number:	10.557
Award Number and Year:	241DE701W1003 (10/1/2023 – 9/30/2024) 251DE701W1003 (10/1/2024 – 9/30/2025)
Compliance Requirement:	Allowable Costs/Cost Principles – Time and Effort Reporting
Type of Finding:	Significant Deficiency in Internal Control Over Compliance

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;
(vi) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.

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

Condition

The Division of Public Health (Division) did not have evidence of timely supervisory review and approval of employee timesheets.

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

Context

One of forty timesheets selected for testing was not certified timely by a program supervisor. The timesheet was certified several months after the end of the pay period.

Questioned Costs

None noted.

Cause

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

Effect

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

Recommendation

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

Views of Responsible Officials

On March 12, 2026, an email to all WIC supervisors was issued notifying the dates that all T&E reports are due to the Administration Office.

The policy was reiterated during the March 17,2026 Supervisors meeting held via Zoom.

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

Reference Number:	2025-004
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:	Division of Public Health
Federal Program:	WIC Special Supplemental Nutrition Program for Women, Infants, and Children
Assistance Listing Number:	10.557
Award Number and Year:	241DE701W1003 (10/1/2023 – 9/30/2024)
Compliance Requirement:	Cash Management
Type of Finding:	Significant Deficiency in Internal Control Over Compliance

Criteria or Specific Requirement

Compliance: US Department of the Treasury (Treasury) regulations at 31 CFR Part 205 implement the Cash Management Improvement Act of 1990 (CMIA), as amended (Pub. L. No. 101-453; 31 USC 6501 et seq.). Subpart A of those regulations requires state recipients to enter into Treasury-State Agreements that prescribe specific methods of drawing down federal funds (funding techniques) for federal programs listed in the Assistance Listing (Catalog of federal Domestic Assistance) that meet the funding threshold for a major federal assistance program under the CMIA. Treasury-State Agreements also specify the terms and conditions under which an interest liability would be incurred. Programs not covered by a Treasury-State Agreement are subject to procedures prescribed by Treasury in Subpart B of 31 CFR Part 205 (Subpart B), which at 31 CFR section 205.33(a) include the requirement for a state to minimize the time between the drawdown of federal funds and their disbursement for federal program purposes.

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 Public Health (Division) did not have evidence of supervisory review and approval of a drawdown request.

Context

One of seventeen drawdown requests selected for testing did not have evidence of review and approval prior to submission.

Questioned Costs

None noted.

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

Cause

The Division's controls are not sufficient to ensure that drawdown requests are reviewed and approved prior to submission in accordance with federal requirements.

Effect

There is an increased risk of an undetected error in a drawdown request to occur. The Division could be out of compliance with CMIA requirements.

Recommendation

The Division should enhance procedures and controls to ensure that drawdown requests are reviewed and approved prior to submission.

Views of Responsible Officials

The Division confirmed the drawdown transaction was accurate and appropriate.

The Division reiterated the Cash Management procedure to all staff and confirmed their understanding. In addition, the Division has in place a review process for new staff regarding procedures with confirmation of completion. There is an established training manual which has been reviewed to ensure it contains the most update to date process.

Manuals and procedures will be reviewed regularly and updated, as needed.

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

Reference Number:	2025-005
Prior Year Finding:	2024-005
Federal Agency:	U.S. Department of Labor
State Department Name:	Department of Labor
State Division:	Division of Unemployment Insurance
Federal Program:	Unemployment Insurance, COVID-19 – Unemployment Insurance
Assistance Listing Number:	17.225
Award Number and Year:	UI372152255A10 (10/1/2021 – 12/31/2024) UI393142355A10 (10/1/2022 – 12/31/2025) 24A55UI000067 (10/1/2023 – 12/31/2026) 25A55UI000116 (1/1/2024 – 12/31/2027)
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).

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

Condition

The Division of Unemployment Insurance (Division) did not conduct weekly BAM investigations nor complete case investigations within the requirements established in the ET Handbook No. 395.

Context

Nine weekly batches were selected for testing BAM investigations. For seven of nine weeks selected, the Division did not perform the required number of investigations.

Eighty-five paid 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:

- 1% of cases tested were closed within 60 days which is less than the required 70%.
- 13% of cases tested were closed within 90 days which is less than the required 95%.
- 86% of cases tested were closed within 120 days which is less than the required 98%.
- The remaining 14% of cases tested were closed in greater than 120 days.

Fifty-four denied 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:

- 6% of cases tested were closed within 60 days which is less than the required 70%.
- 11% of cases tested were closed within 90 days which is less than the required 95%.
- 83% of cases tested were closed within 120 days which is less than the required 98%.
- The remaining 17% of cases tested were closed in greater than 120 days.

Thirty-three separation 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:

- 0% of cases tested were closed within 60 days which is less than the required 70%.
- 15% of cases tested were closed within 90 days which is less than the required 95%.
- 85% of cases tested were closed within 120 days which is less than the required 98%.
- The remaining 15% of cases tested were closed in greater than 120 days.

Twenty-eight nonseparation 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:

- 4% of cases tested were closed within 60 days which is less than the required 70%.
- 21% of cases tested were closed within 90 days which is less than the required 95%.
- 75% of cases 2ested were closed within 120 days which is less than the required 98%.
- The remaining 15% of cases tested were closed in greater than 120 days.

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

Questioned Costs

Undetermined.

Cause

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

Effect

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

Recommendation

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

Views of Responsible Officials

The Division of Unemployment Insurance (Division) acknowledges the finding and agrees that improvements are necessary to ensure full compliance with Benefits Accuracy Measurement (BAM) program requirements. The Division recognizes the importance of conducting weekly investigations and adhering to established timeliness standards to maintain the integrity and accuracy of unemployment insurance benefit payments and denied claims.

The Division notes that the identified deficiencies were primarily due to significant staffing shortages and competing operational demands, which were further exacerbated by the sustained workload associated with pandemic-related programs. These challenges affected the Division's capacity to complete the required number of weekly investigations and to meet prescribed case completion timeframes.

To address these issues, the Division has taken and will continue to take corrective actions, including:

- Actively recruiting and onboarding additional staff dedicated to BAM operations.
- Providing enhanced training to ensure staff are equipped to conduct timely and thorough investigations.
- Implementing improved case management and tracking mechanisms to monitor timeliness and workload distribution.
- Evaluating internal processes to identify efficiencies and reduce delays in case completion.

The Division is committed to strengthening internal controls and ensuring compliance with federal requirements. Management will continue to monitor progress and take additional corrective actions as necessary to meet BAM performance standards moving forward.

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

Reference Number:	2025-006
Prior Year Finding:	2024-007
Federal Agency:	U.S. Department of Labor
State Department Name:	Department of Labor
State Division:	Division of Unemployment Insurance
Federal Program:	Unemployment Insurance, COVID-19 – Unemployment Insurance
Assistance Listing Number:	17.225
Award Number and Year:	UI372152255A10 (10/1/2021 – 12/31/2024) UI393142355A10 (10/1/2022 – 12/31/2025) 24A55UI000067 (10/1/2023 – 12/31/2026) 25A55UI000116 (1/1/2024 – 12/31/2027)
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 supporting documentation for expenditures reported in the ETA 2208A – Quarterly UI Above-Base Report.

Context

The September 30, 2024 and March 31, 2025 quarterly ETA 2208A reports were selected for testing and the Division was unable to provide supporting documentation for the September 30, 2024 ETA 2208A report.

Questioned Costs

Undetermined.

Cause

The Division's internal controls were not sufficient to ensure that it maintained supporting documentation for quarterly ETA 2208A reports.

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

Effect

Auditors were unable to verify that the ETA 2208A reports submitted by the Division were accurate and agreed to supporting documentation.

Recommendation

The Division should review and update its reporting internal controls to ensure that ETA 2208A – Quarterly UI Above-Base Reports tie to supporting documentation and that supporting documentation is retained and readily available for audit.

Views of Responsible Officials

We acknowledge the audit finding that the Division was unable to provide supporting documentation for QE 09/30/2024 ETA 2208A report. Procedures have been implemented to ensure documentation used to complete the ETA 2208A is saved in clearly marked folders on our Fiscal drive for ease of retrieval. Procedures will be documented and saved for ease of retrieval and use.

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

Reference Number:	2025-007
Prior Year Finding:	No
Federal Agency:	U.S. Department of Labor
State Department Name:	Department of Labor
State Division:	Division of Unemployment Insurance
Federal Program:	Unemployment Insurance, COVID-19 – Unemployment Insurance
Assistance Listing Number:	17.225
Award Number and Year:	UI372152255A10 (10/1/2021 – 12/31/2024) UI393142355A10 (10/1/2022 – 12/31/2025) 24A55UI000067 (10/1/2023 – 12/31/2026) 25A55UI000116 (1/1/2024 – 12/31/2027)
Compliance Requirement:	Reporting – ETA 2112, UI Financial Transaction Summary
Type of Finding:	Material Weakness in Internal Control Over Compliance

Criteria or Specific Requirement

Compliance: ETA 2112, UI Financial Transaction Summary (OMB No. 1205-0154) – A monthly summary of transactions, which account for all funds received in, passed through, or paid out of the state unemployment fund. Form ETA 2112 provides a summary of data pertaining to state unemployment insurance (UI) tax collections, regular benefits paid, Federal and state shares of extended benefits paid, Federal temporary program benefits paid, and other transactions affecting the Unemployment Trust Fund. In addition, it reflects specific areas where adjustments are indicated to determine the adequacy of resources available for regular unemployment benefit payments. Data from this form is also used with data from other statistical reports to study trends in financial aspects of the UI program and as a basis for solvency studies.

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 supporting documentation that ETA 2112 reports were reviewed and approved prior to submission.

Context

For three of three ETA 2112 reports selected for testing, the Division was unable to provide documentation that the reports had been reviewed and approved prior to submission.

Questioned Costs

Undetermined.

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

Cause

The Division does not have a control in place to ensure that reports are reviewed and approved prior to submission.

Effect

There is an increased risk of charging unallowed costs to the program if reports are not reviewed and approved prior to submission.

Recommendation

We recommend the Division review and enhance internal controls to ensure that ETA 2112 reports are reviewed and approved prior to submission.

Views of Responsible Officials

There is already a signature on the report we will now have that is signed and dated and will also add an additional line for preparer signature and date.

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

Reference Number:	2025-008
Prior Year Finding:	2024-010
Federal Agency:	U.S. Department of Labor
State Department Name:	Department of Labor
State Division:	Division of Unemployment Insurance
Federal Program:	Unemployment Insurance, COVID-19 – Unemployment Insurance
Assistance Listing Number:	17.225
Award Number and Year:	UI372152255A10 (10/1/2021 – 12/31/2024) UI393142355A10 (10/1/2022 – 12/31/2025) 24A55UI000067 (10/1/2023 – 12/31/2026) 25A55UI000116 (1/1/2024 – 12/31/2027)
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;
(vi) 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).

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

Condition

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

Context

For 2 of 60 timesheets selected for testing, the Division was unable to provide documentation that the timesheets were reviewed and approved by a supervisor.

Questioned Costs

Undetermined.

Cause

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

Effect

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

Recommendation

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

Views of Responsible Officials

We agree that the division was unable to provide documentation supporting the timesheet approval as asserted. However, we respectfully disagree that the lack of timesheet approval translates into charging the program with unallowed costs. It's important that the auditors understand that the division's responsibility to ensure that payroll charges to the program are appropriate begins with ensuring that each employee tasked with performing program functions are hired into the correct division internal program unit ("IPU"). And then further within that IPU, instruct employees to use a specific activity code that is assigned to various federal programs. In the samples reviewed, employees properly used the correct activity code to record time for the work performed.

Auditor Rejoinder

In its response, the Division acknowledges that it was unable to provide documentation to auditors that timesheets were reviewed and approved. Auditors recognize that an allowable activity code was used by the employees, but without review and approval, the actual time recorded and the validity of the activity code could not be verified. However, auditors recognize that the payroll costs would be allowable if they were reviewed by a supervisor and it was determined that appropriate activity codes were used for those employees in the given time periods. Therefore, auditors did not identify questioned costs for this finding due to a lack of documentation but reiterate that there is a possibility that questioned costs may exist if the employee time charged to the program was inappropriate.

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

Reference Number:	2025-009
Prior Year Finding:	2024-011
Federal Agency:	U.S. Department of Labor
State Department Name:	Department of Labor
State Division:	Division of Unemployment Insurance
Federal Program:	Unemployment Insurance, COVID-19 – Unemployment Insurance
Assistance Listing Number:	17.225
Award Number and Year:	24A55UI000067 (10/1/2023 – 12/31/2026) 25A55UI000116 (10/1/2024 – 12/31/2027)
Compliance Requirement:	Allowable Cost/Cost Principles – General Disbursements
Type of Finding:	Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or Specific Requirement

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

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

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

Condition

Documentation to support General Disbursement transactions was not readily available for review. States are required to develop and implement internal controls to ensure proper supporting documentation is maintained and readily available for audit, but the Division of Unemployment Insurance (Division) was unable to provide supporting documentation to auditors on a timely basis.

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

Context

For three of sixty general disbursement transactions selected for testing, the Division was initially unable to provide supporting documentation and confirmed lack of support for these items to auditors. After the conclusion of audit test work, the Division provided support for the sample selections, however, it was not submitted for audit review in a timely manner.

Questioned Costs

None noted.

Cause

The Division's procedures and controls are not sufficient to ensure timely submission of requested audit documentation.

Effect

Lack of effective controls could cause the Division to incur program charges without supporting documentation.

Recommendation

The Division should review and enhance its procedures and controls regarding general disbursements to ensure that supporting documentation is readily available upon audit request.

Views of Responsible Officials

We acknowledge that audit ready evidence was not produced in a timely fashion but respectfully disagree that the Division did not maintain this evidence. The lack of timely production can be attributed to lack of awareness of the proper repository where such audit evidence was maintained and/or could be easily retrieved, as opposed to no maintenance at all. We also maintain that the division was able to substantiate all expenses queried.

Auditor Rejoinder

On October 1, 2025, auditors sent a request to the Division for supporting documentation for sixty samples selected for testing. Documentation was provided to auditors on November 10, 2025, but for three of the sixty samples it was deemed insufficient for testing. Auditors followed up with the Division, requesting additional support for these samples, but it was not provided. On February 17, 2026, auditors met with Fiscal Management regarding the status of the outstanding supporting documentation and were informed it was not available and would not be provided. After this meeting, auditors finalized audit test work, drafted the audit finding, and sent it to the Division for a written response. On March 11, 2026, the Division provided additional support to auditors after the conclusion of audit test work. Auditors acknowledge that support was eventually provided but maintain that the Division's procedures and controls are insufficient to ensure that adequate supporting documentation is readily available for audit.

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

Reference Number:	2025-010
Prior Year Finding:	2024-004
Federal Agency:	U.S. Department of Labor
State Department Name:	Department of Labor
State Division:	Division of Unemployment Insurance
Federal Program:	Unemployment Insurance, COVID-19 – Unemployment Insurance
Assistance Listing Number:	17.225
Award Number and Year:	UI372152255A10 (10/1/2021 – 12/31/2024) UI393142355A10 (10/1/2022 – 12/31/2025) 24A55UI000067 (10/1/2023 – 12/31/2026) 25A55UI000116 (1/1/2024 – 12/31/2027)
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 and did not properly set up claimants to recoup overpayments.

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

Context

Sixty claimants were selected for testing, and the following exceptions were noted:

- For 3 of 60 claimants, the Division was unable to provide documentation that the claimant provided weekly updates.
- 2 of 60 claimants were not properly set up to recoup overpayments. One claimant was determined to be ineligible, but benefits were paid. One claimant was initially determined to be eligible, but after the employer appealed the claim, the claimant was determined to be ineligible. Neither claimant was properly set up to recoup the overpayments.
- For 1 of 60 claimants, documentation could not be provided that the Division contacted the employer to verify the claimant's employment status.

Questioned Costs

Undetermined.

Cause

The Division's procedures and internal controls were not sufficient to ensure that documentation to support claimant eligibility was retained nor that claimants were properly set up to recoup overpayments.

Effect

The Division did not recoup benefits paid to claimants which were determined to be ineligible. Failure to maintain eligibility documentation could allow benefits to be paid to ineligible claimants.

Recommendation

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

Views of Responsible Officials

For 3 of 60 claimants, the Division was unable to provide documentation that the claimant provided weekly updates.

These cases (sample 2,7 and 36) relate to claimant weekly certifications and their responses to required eligibility questions for the applicable benefit weeks. Due to existing mainframe system limitations, the Division does not have the ability to directly view all claimant responses within the system interface.

In preparation for the CLA review, Application Support generated a comprehensive report capturing weekly certification responses for all sampled claimants, based on Social Security Numbers. However, three claimants did not appear on this report, and therefore their responses could not be verified at the time of review.

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

The Division has identified both short-term and long-term corrective actions to address this discrepancy:

- Short-term solution: A service ticket has been submitted to the Application Support team to investigate and resolve the issue that caused these claimants to be excluded from the report. Once resolved, future reports are expected to consistently capture all claimant responses associated with weekly certifications.

- Long-term solution: The Division recognizes the need for a modernized system to improve the efficiency and reliability of claims processing and adjudication. Current case management systems are outdated and have limited functionality. Implementation of an updated system will allow for automated capture of weekly certification responses, improved data accessibility, and enhanced identification of potential compliance issues requiring investigation.

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

Reference Number:	2025-011
Prior Year Finding:	2024-012
Federal Agency:	U.S. Department of Labor
State Department Name:	Department of Labor
State Division:	Division of Unemployment Insurance
Federal Program:	Unemployment Insurance, COVID-19 – Unemployment Insurance
Assistance Listing Number:	17.225
Award Number and Year:	UI372152255A10 (10/1/2021 – 12/31/2024) UI393142355A10 (10/1/2022 – 12/31/2025) 24A55UI000067 (10/1/2023 – 12/31/2026) 25A55UI000116 (1/1/2024 – 12/31/2027)
Compliance Requirement:	Reporting – ETA 9130, Financial Status Report, UI Programs
Type of Finding:	Significant Deficiency in Internal Control Over Compliance, Other Matters

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

The Division of Unemployment Insurance (Division) submitted ETA 9130 reports that did not agree with supporting documentation.

Context

Eight of forty-four ETA 9130 reports selected for testing did not agree with supporting documentation and auditors were unable to verify the accuracy of the reports. Specifically, we noted the following:

- 5 of 24 reports selected from the 9/30/2024 quarter did not agree with supporting documentation.
- 3 of 20 reports selected from the 3/31/2025 quarter did not agree with supporting documentation.

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

Questioned Costs

Undetermined.

Cause

The Division's procedures were not sufficient to ensure that reports submitted agreed with supporting documentation. Internal controls did not prevent or detect the errors.

Effect

ETA 9130 reports did not agree with supporting documentation.

Recommendation

We recommend the Division review and enhance procedures and internal controls to ensure that ETA 9130 reports agree with supporting documentation and that documentation is maintained and is readily available for audit.

Views of Responsible Officials

We acknowledge the audit finding that several ETA 9130 reports did not agree with the supporting documentation. Procedures have been implemented to ensure documentation used to complete the ETA 9130 reports are reviewed by both the Certifying and Approving Officials before final sign off. Procedures will be documented and saved for ease of retrieval and use. Backup will be saved in clearly marked folders on our Fiscal drive for ease of retrieval.

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

Reference Number:	2025-012
Prior Year Finding:	2024-006
Federal Agency:	U.S. Department of Labor
State Department Name:	Department of Labor
State Division:	Division of Unemployment Insurance
Federal Program:	Unemployment Insurance, COVID-19 – Unemployment Insurance
Assistance Listing Number:	17.225
Award Number and Year:	UI372152255A10 (10/1/2021 – 12/31/2024) UI393142355A10 (10/1/2022 – 12/31/2025) 24A55UI000067 (10/1/2023 – 12/31/2026) 25A55UI000116 (1/1/2024 – 12/31/2027)
Compliance Requirement:	Special Tests and Provisions – Employer Experience Rating
Type of Finding:	Significant Deficiency in Internal Control over Compliance, Other Matters

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 State Workforce Agency (SWA) maintains accounts, or subsidiary ledgers, on a state UI taxes received or due from individual employers, and the UI benefits charged to the employer. The employer's "experience" with the unemployment of former employees is the dominant factor in the SWA computation of the employer's annual state UI tax rate. The computation of the employer's annual tax rate is based on state UI law (26 USC 3303).

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

Condition

The Division of Unemployment Insurance (Division) did not apply the correct employer experience rate for an employer.

Context

For one of sixty employers selected for testing, due to a manual error, the Division improperly applied the employer experience rate using the 2013 new employer rate instead of the 2023 new employer rate.

Questioned Costs

Undetermined.

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

Cause

The Division's procedures and controls were not sufficient to ensure that it applied the proper employer experience rate.

Effect

The Division incorrectly applied the employer experience rate to an employer.

Recommendation

The Division should review and enhance procedures and controls to ensure that employer experience rates are properly calculated and applied.

Views of Responsible Officials

We disagree with the finding as we believe the employer's account effective date and liability status were established in accordance with the applicable state UI laws and regulations.

Documentation can be provided to substantiate this determination.

Account# 69821 was established in November of 2024 with a liability date of 04/2013 per employer's application on file, which gave the employer a new employer rate of 2.8. After my discussion with the auditor on 3/19/26, I pulled the folder to further investigate.

Based on this review, we conclude that the rate assignment was accurate and compliant, and therefore the finding appears to be based on a misunderstanding of the employer's account status or the applicable rate criteria.

The business already implemented a corrective action plan in 2025 which entailed changing how the calculation is performed. This calculation is now done outside of the Mainframe system in compliance with Title 19 rules with results uploaded into the system after calculation. The UI program successfully provided an auditable population for calendar year 2025.

Auditor Rejoinder

On January 26, 2026, auditors met with the UI Tax Administrator and Fiscal Analyst to discuss the Employer Experience rate assignment of 2.8% for Account #69821. Auditors reviewed state law HB433 and the ETA handbook requirements noting that all new employers added will receive an experience rate of 1.2%, or experienced employers will receive .6% if its benefit wage ratio does not exceed 20%.

The UI Tax Administrator confirmed to auditors that the liability date of April 26, 2013, was entered in error instead of April 26, 2023, which caused the 2013 rate of 2.8% to be input into the employer experience rating letter sent to the employer. As documented in the guidance, there is no current benefit wage ratio calculation that would result in an employer experience rating of 2.8%.

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

Reference Number:	2025-013
Prior Year Finding:	2024-013
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:	Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or Specific Requirement

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

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 reported and/or maintained in project files did not include all required elements.

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

Context

The Office of the Governor (Office) prepares and submits quarterly Project and Expenditure Reports. Eight projects with capital expenditures greater than or equal to $1 million were selected for testing on the September 30, 2024 and December 31, 2024 quarterly reports. Projects selected consisted of four with capital expenditures greater than or equal to $10 million and four with capital expenditures less than $10 million. The following exceptions were noted:

- For 1 of 4 projects greater than or equal to $10 million, the reported capital project justification did not include required elements (ii) or (iii).
- For 2 of 4 projects greater than or equal to $10 million reported capital project justifications did not include required element (iii).
- For 1 of 4 projects less than $10 million, the capital project justification maintained in the project file did not include required element (iii).

Cause

The Office's procedures and internal controls were not operating effectively to ensure that capital project justifications reported or maintained in project files contained all required elements.

Effect

Capital project justifications are intended to demonstrate that each capital project over $1 million is the best and proper use of program funds for the intended purpose. Failure to ensure capital project justifications include all required elements could allow a capital project to be initiated that is not in the best interest of the program or the best use of program funds.

Questioned Costs

Undetermined.

Recommendation

We recommend that the Office enhance procedures and internal controls to ensure that it reports and/or maintains in project files capital project justifications that contain all required elements. The Office should provide training of State agency personnel and conduct periodic reviews of written capital project justifications to ensure that they comply with program requirements.

Views of Responsible Officials

The ARPA team acknowledges that the repeat finding related to capital project justifications resulted from gaps in enforcement and follow-up procedures with state agencies. While guidance was provided, the team did not consistently ensure that complete and compliant capital project justifications were obtained and reviewed prior to reporting. Contributing factors included limited staffing resources also impacted agencies' ability to provide complete historical information for projects initiated in prior reporting periods. In several cases, agency personnel responsible for original project justifications were no longer available, making it more difficult to obtain sufficient documentation to meet Treasury requirements. However, the ARPA team recognizes that these challenges do not mitigate the responsibility to ensure compliance with reporting requirements.

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

To address this, the ARPA team will implement enhanced controls to ensure compliance with capital project justification requirements. These include requiring complete justifications prior to reporting, use of a standardized template and review checklist, and a formal second-level review process to verify completeness and accuracy. In addition, the team will maintain centralized tracking of all submissions, implement formal escalation procedures for nonresponsive agencies, and provide ongoing training and guidance, including support for new agency personnel. Periodic compliance reviews will also be conducted to ensure continued adherence to program requirements.

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

Reference Number:	2025-014
Prior Year Finding:	No
Federal Agency:	U.S. Department of the Treasury
State Department Name:	Division of Libraries
Federal Program:	COVID-19 – Coronavirus Capital Projects Fund
Assistance Listing Number:	21.029
Award Number and Year:	CPFFN0144 (2/4/2022 – 12/31/2026)
Compliance Requirement:	Procurement
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);

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:

(a) 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))

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 Libraries (Division) was unable to provide evidence that it had procured a contract in accordance with the State’s procurement policies.

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

Context

For one of five contracts selected for testing, the Division was unable to provide supporting documentation that it had procured the contract in accordance with the State's procurement policies.

Questioned Costs

Undetermined.

Cause

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

Effect

Failure to adhere to procurement policies and procedures may result in the contract being issued under terms and conditions that are not in the best interest of the federal program and/or the State.

Recommendation

The Division should review and enhance controls and procedures to ensure that it follows the State's procurement policies for all contracts charged to the program.

Views of Responsible Officials

The Department of State, Division of Libraries disputes the audit finding of "significant deficiency in internal control over compliance, other matters" on the basis that Title 29, Chapter 69 of the Delaware Code is inapplicable and exempts the purchase of services by libraries from the State procurement process, including construction. Without admission to any deficiency in the Division's "internal control over compliance, other matters," the Division of Libraries will review all internal controls and procedures to ensure compliance with the State's procurement process.

Auditor Rejoinder

Auditors acknowledge that Title 29, Chapter 69(d) of the Delaware Code includes exemptions related to libraries. Specifically, it states: "*This chapter shall not apply to any purchase of library materials such as books, periodicals, subscriptions and software by libraries of any agency, nor shall this chapter apply to the purchase of services by libraries of any agency pursuant to Chapter 66 of this title."*

Library services is further defined in Title 29, Chapter 66, §6602(a), Contracting for library services, which states the following: *"In order to encourage the maintenance and development of proper standards, including personnel standards, hours of operation, library materials, collection standards and interlibrary resource sharing, and to provide for the development of statewide public library service, the Delaware Division of Libraries may contract with any public library, including privately incorporated public libraries or public library systems established pursuant to Chapter 8 of Title 9, which qualifies under standards established by the Division with the approval of the Delaware Council on Libraries, to provide library services."*

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

Furthermore, Title 29, Chapter 66A, establishes requirements regarding library construction which includes a provision for proposal review and does not exempt such projects from following established procurement policies.

The contract identified by auditors in this finding is a $22 million contract for “management and construction services for the North Wilmington Library Think Do (“Project”)”. Auditors believe the scope and nature of this agreement does not fall under the exemptions established for library services under Title 29, Chapter 69(d) of the Delaware Code. The Division was unable to provide auditors with documentation that it had followed established procurement procedures when it entered into this agreement.

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

Reference Number:	2025-015
Prior Year Finding:	No
Federal Agency:	U.S. Department of the Treasury
State Department Name:	Office of the Governor
Federal Program:	COVID-19 – Coronavirus Capital Projects Fund
Assistance Listing Number:	21.029
Award Number and Year:	CPFFN0144 (2/4/2022 – 12/31/2026)
Compliance Requirement:	Reporting
Type of Finding:	Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or Specific Requirement

Compliance: Per the *CPF State Guidance* issued by the Department of the Treasury (Treasury), recipients must submit quarterly Project and Expenditure Reports. Required project information includes current and cumulative obligations and expenditure and other information applicable to each specific category of project. For Multi-Purpose Community Facility Projects, recipients must report planned and actual square footage funded by CPF. Reported square footage must be within 10% of the square footage included in supporting documentation.

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

Condition

The Office of the Governor (Office) reported square footage for a project that varied by more than 10% of the amount included in supporting documentation.

Context

Eight projects categorized as Multi-Purpose Community Facility Projects were selected for testing from the September 30, 2024 and March 31, 2025 quarterly reports. For one of eight projects selected, the planned square footage reported varied by more than 10% of the planned square footage maintained in project files. The square footage in project files was 11,000, but the amount reported was 18,000 which is a variance of 64%. Auditors noted the same amount was reported in both quarters tested.

Cause

Procedures and internal controls were not operating effectively to ensure that square footage reported agreed with supporting documentation.

Effect

Reported square footage did not agree with supporting documentation and the variance exceeded 10%.

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

Questioned Costs
None noted.

Recommendation
We recommend that the Office enhance its procedures and internal controls to ensure that reported square footage agrees with supporting documentation.

Views of Responsible Officials
The ARPA team acknowledges that the discrepancy in reported square footage resulted from a data entry error and insufficient controls to ensure that updates to project data were reflected in subsequent reporting periods.

To address this, the team has implemented enhanced data validation procedures, including reconciliation of reported data to supporting documentation each reporting period, formal tracking of changes to project data, and a secondary review of key data elements prior to submission. Ongoing monitoring will be performed to ensure continued accuracy and consistency across reporting periods.

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

Reference Number:	2025-016
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:	Division of Public Health
Federal Program:	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC), COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)
Assistance Listing Number:	93.323
Award Number and Year:	NU50CK000497 (8/1/2019 – 7/31/2027) NU51CK000334 (8/1/2024 – 7/31/2029)
Compliance Requirement:	Allowable Costs/Cost Principles – Time and Effort Reporting
Type of Finding:	Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or Specific Requirement

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

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

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

Condition

The Division of Public Health (Division) inaccurately charged payroll costs to the program.

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

Context

For one of forty time sheets selected for testing, the employee's time and effort certification indicated that 50% of the employee's time was spent on the program, but 100% of the employee's time was charged.

Questioned Costs

$1,742, the amount charged to the program in error.

Cause

Controls were not operating effectively to ensure that time and effort reporting was performed accurately.

Effect

Unallowed payroll costs were charged 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

ELC Financial Lead will work with DPH Support Services to track all recoded time against grant.

As recodes are identified, time certifications for affected staff will need to be revised and filed appropriately.

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

Reference Number:	2025-017
Prior Year Finding:	No
Federal Agency:	U.S. Department of Health and Human Services
State Department Name:	Department of Health and Social Services
State Division:	Division of Social Services
Federal Program:	Temporary Assistance for Needy Families
Assistance Listing Number:	93.558
Award Number and Year:	2501DETANF (10/1/2024 – 9/30/2025) 2401DETANF (10/1/2023 – 9/30/2024) 2301DETANF (10/1/2022 – 9/30/2023)
Compliance Requirement:	Allowable Costs/Cost Principles – Time and Effort Reporting
Type of Finding:	Material Weakness in Internal Control Over Compliance, Material Noncompliance

Criteria or Specific Requirement

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

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

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

Condition

The Division of Social Services (Division) did not have evidence of that employee time charged to the program was properly documented.

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

Context

Forty timesheets were selected for testing, and the following exceptions were noted:

- 17 of 40 timesheets selected for testing could not be provided to auditors for testing.
- 14 of 40 timesheets selected for testing were not certified timely by a program supervisor. The timesheets were certified several months after the end of the pay period.
- 1 of 40 timesheets selected for testing was not certified by a program supervisor.

Questioned Costs

Undetermined.

Cause

The Division's controls are not sufficient to ensure that time and effort reporting is performed and documented in accordance with federal requirements.

Effect

Employee time charged to the program could not be verified and there is an increased risk of charging unallowed payroll costs to the program.

Recommendation

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

Views of Responsible Officials

The following action will be taken to improve the current process.

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

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

Reference Number:	2025-018
Prior Year Finding:	No
Federal Agency:	U.S. Department of Health and Human Services
State Department Name:	Department of Health and Social Services
State Division:	Division of Social Services
Federal Program:	CCDF Cluster
Assistance Listing Number:	93.575. 93.596
Award Number and Year:	SAI5406 (10/1/2022 – 9/30/2025) SAI5788 (10/1/2023 – 9/30/2026) SAI6656 (10/1/2024 – 9/30/2028) SAI6306 (10/1/2024 – 9/30/2027)
Compliance Requirement:	Eligibility
Type of Finding:	Material Weakness in Internal Control Over Compliance, Material Noncompliance

Criteria or Specific Requirement

Compliance: Lead Agencies must have procedures in place for documenting and verifying eligibility in accordance with federal requirements, as well as the specific eligibility requirements selected by each Lead Agency in its approved plan. A Lead Agency is the designated state, territorial, or tribal entity to which the CCDF award is issued and that is accountable for administering the CCDF program. Procedures for documenting and verifying eligibility may be performed directly by the Lead Agency or other agencies engaged in the administration of CCDF. At the Lead Agency's option, enrollment in other benefit programs or documents or verification used for other benefit programs may be used to verify eligibility as appropriate. State Lead Agencies, territory Lead Agencies, as well as those tribal Lead Agencies with Grant Year 2016 allocations of at least $250,000, must establish minimum 12-month eligibility periods before re-determining eligibility of CCDF families and must consider a child to be eligible between eligibility re-determinations.

Control: Per 45 CFR Part 98, Child Care and Development Fund recipients must establish and maintain robust internal controls to ensure integrity and accountability of program funds. Recipients must implement procedures designed to investigate and recover fraudulent payments, to impose sanctions on clients or providers in response to fraud, document and verify eligibility, and promote compliance with all applicable laws and regulations. These internal control mechanisms serve to prevent misuse, mismanagement, or fraudulent activity, thereby fostering accountability and transparency in the stewardship of federal funds allocated through the CCDF program.

Condition

The Division of Social Services (Division) was unable to provide documentation that participants in the program met eligibility requirements.

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

Context

Forty program participants were selected for testing, and the following exceptions were noted:

- For 7 of 40 participants selected for testing, the Division was unable to provide evidence that eligibility had been properly redetermined after twelve months.
- For 1 of 40 participants selected for testing, the household did not meet income requirements and was ineligible to receive benefits under the program.
- For 1 of 40 participants selected for testing, the Division was unable to provide documentation to support the eligibility determination nor support for the amount paid.

Questioned Costs

Undetermined

Cause

The Division's procedures and internal controls were not operating effectively to ensure that participants in the program met eligibility requirements nor that documentation of participant eligibility was maintained.

Effect

There is an increased risk of ineligible participants receiving benefits under the program.

Recommendation

The Division should reevaluate its current process, implement proper controls, and perform additional training to ensure that participants receiving benefits under the program meet eligibility requirements. The Division should maintain documentation of participant eligibility and this documentation should be readily available for audit.

Views of Responsible Officials

The Division of Social Services (DSS) is currently conducting pilot sites to implement front-end scanning prior to case processing. Bi-weekly meetings with the vendor began in August 2024, and the first on-site visit to a pilot location took place in August 2025. Following successful implementation of the scanning process, a statewide rollout is planned for April–May 2026.

The DSS Training Department has developed targeted mini training courses focusing on areas with high error rates. The Learning Innovation Team (LIT) will collect and analyze pre- and post-assessment data from child care training to measure effectiveness. Additionally, open lab sessions will be introduced to provide hands-on support, with a focus on accurately entering authorizations based on need for care and addressing other common error areas identified through Quality Control audits.

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

Reference Number:	2025-019
Prior Year Finding:	2024-020
Federal Agency:	U.S. Department of Health and Human Services
State Department Name:	Department of Health and Social Services
State Division:	Division of Social Services
Federal Program:	CCDF Cluster
Assistance Listing Number:	93.575. 93.596
Award Number and Year:	SAI5406 (10/1/2022 – 9/30/2025) SAI5788 (10/1/2023 – 9/30/2026) SAI6656 (10/1/2024 – 9/30/2028) SAI6306 (10/1/2024 – 9/30/2027)
Compliance Requirement:	Special Tests and Provisions – Health and Safety Requirements
Type of Finding:	Material Weakness in Internal Control over Compliance, Material Noncompliance

Criteria or Specific Requirement

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

Control: Per 45 CFR Part 98, Child Care and Development Fund recipients must establish and maintain robust internal controls to ensure integrity and accountability of program funds. Recipients must implement procedures designed to investigate and recover fraudulent payments, to impose sanctions on clients or providers in response to fraud, document and verify eligibility, and promote compliance with all applicable laws and regulations. These internal control mechanisms serve to prevent misuse, mismanagement, or fraudulent activity, thereby fostering accountability and transparency in the stewardship of federal funds allocated through the CCDF program.

Condition

The Division of Social Services (Division) did not maintain documentation to support providers' compliance with the program's health and safety requirements.

Context

Sixty providers were selected for testing, and the following exceptions were noted:

- For 18 of 60 providers selected for testing, the Division indicated that annual site visits had been performed for the current year, but it was unable to provide documentation of the site visits due to a technical issue. Auditors were unable to verify that the site visits were performed, documented, and any violations were identified and corrected.

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

- For 2 of 60 providers selected for testing, the Division was unable to provide evidence that the provider was properly licensed, that they had completed required training nor that other eligibility requirements were met.
- For 1 of 60 providers selected for testing, the Division was unable to provide evidence that the provider was properly licensed.
- 2 of 60 providers selected for testing were determined by the Division to be incorrectly included in the population provided to auditors for sampling. The Division determined the individuals had never been employed by childcare providers who serve children receiving subsidies under the program.

Questioned Costs

Undetermined.

Cause

The Division's procedures and controls were not sufficient to ensure that providers met the program's health and safety requirements. Controls were not operating effectively to ensure that documentation of providers' compliance with health and safety requirements was maintained and available for audit.

Effect

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

Recommendation

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

Views of Responsible Officials

The Department of Education, Early Childhood Excellence team will reevaluate its current process and perform additional training to ensure all providers are compliant with required health and safety requirements. Reporting will operate effectively in a new data system to ensure that documentation of providers' compliance with health and safety requirements is maintained and readily available for audit.

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

Reference Number:	2025-020
Prior Year Finding:	2024-019
Federal Agency:	U.S. Department of Health and Human Services
State Department Name:	Department of Health and Social Services
State Division:	Division of Social Services
Federal Program:	CCDF Cluster
Assistance Listing Number:	93.575. 93.596
Award Number and Year:	SAI5406 (10/1/2022 – 9/30/2025) SAI5788 (10/1/2023 – 9/30/2026) SAI6656 (10/1/2024 – 9/30/2028) SAI6306 (10/1/2024 – 9/30/2027)
Compliance Requirement:	Allowable Costs/Cost Principles – Time and Effort Reporting
Type of Finding:	Significant Deficiency in Internal Control Over Compliance

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;
(vi) 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 45 CFR Part 98, Child Care and Development Fund recipients must establish and maintain robust internal controls to ensure integrity and accountability of program funds. Recipients must implement procedures designed to investigate and recover fraudulent payments, to impose sanctions on clients or providers in response to fraud, document and verify eligibility, and promote compliance with all applicable laws and regulations. These internal control mechanisms serve to prevent misuse, mismanagement, or fraudulent activity, thereby fostering accountability and transparency in the stewardship of federal funds allocated through the CCDF program.

Condition

The Division of Social Services (Division) did not have evidence of timely supervisory review and approval of employee timesheets.

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

Context

Three of sixty timesheets selected for testing were not certified timely by a program supervisor. The timesheets were certified several months after the end of the pay period.

Questioned Costs

None noted.

Cause

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

Effect

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

Recommendation

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

Views of Responsible Officials

The following action will be taken to improve the current process.

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

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

Reference Number:	2025-021
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:	Division of Medicaid and Medical Assistance
Federal Program:	Children's Health Insurance Program
Assistance Listing Number:	93.767
Award Number and Year:	SAI000005399 (10/1/2023 – 9/30/2024)
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.

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

Condition

The Division of Medicaid and Medical Assistance (Division) was unable to provide evidence that expenditures were incurred during the grant's allowable period of performance.

Context

Forty disbursement transactions recorded during September and October 2024 were selected for testing. For forty of forty transactions selected, the Division was unable to provide documentation that the costs were incurred during the grant's period of performance.

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 outside of the allowable period of performance.

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

Questioned Costs

Undetermined.

Recommendation

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

Views of Responsible Officials

To prevent recurrence, we are implementing the following actions:

1. Enhanced Monitoring Controls
    - Establish a centralized tracking system for all awards, including start and end dates.
2. Staff Training and Accountability
    - Conduct mandatory training for program and finance staff on compliance with period of performance requirements.
    - Assign clear responsibility for monitoring award timelines to designated personnel.
3. Pre-Closeout Review Process
    - Introduce a formal pre-closeout review 60 days before the award end date to identify and resolve outstanding obligations.
    - Require certification from both program and finance leads confirming that all expenditures fall within the allowable period.
4. Post-Expenditure Review
    - Perform monthly reconciliation of expenditures against the period of performance.
    - Immediately flag and correct any discrepancies identified.

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

Reference Number:	2025-022
Prior Year Finding:	2024-023
Federal Agency:	U.S. Department of Health and Human Services
State Department Name:	Department of Health and Social Services
State Division:	Division of Medicaid and Medical Assistance
Federal Program:	Medicaid Cluster
Assistance Listing Number:	93.775, 93.777, 93.778
Award Number and Year:	2405DE5MAP (10/1/2023 – 9/30/2024) 2505DE5MAP (10/1/2024 – 9/30/2025)
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

For thirty-six of sixty providers selected for testing, the Division was unable to provide evidence that the provider complied with health and safety standards.

Questioned Costs

Undetermined.

Cause

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

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

Effect

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

Recommendation

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

Views of Responsible Officials

DMMA will review the process of storing all data for provider's screening and credentialing information. In addition, when a provider enrolls or revalidates into DMAP, they will be required to submit updated credentials and license information.

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

Reference Number:	2025-023
Prior Year Finding:	2024-022
Federal Agency:	U.S. Department of Health and Human Services
State Department Name:	Department of Health and Social Services
State Division:	Division of Medicaid and Medical Assistance
Federal Program:	Children's Health Insurance Program, Medicaid Cluster
Assistance Listing Number:	93.767, 93.775, 93.777, 93.778
Award Number and Year:	2405DE5021 (10/1/2023 – 9/30/2025) 2505DE5021 (10/1/2024 – 9/30/2026) 2405DE5MAP (10/1/2023 – 9/30/2024) 2505DE5MAP (10/1/2024 – 9/30/2025)
Compliance Requirement:	Special Tests and Provisions – Managed Care Financial Audit
Type of Finding:	Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or Specific Requirement

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

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

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

Condition

The Division of Medicaid and Medical Assistance (Division) was unable to provide documentation that it had posted results of managed care financial audits on its website.

Context

For three of three MCOs within the state, the Division did not post the results of the audits on its website.

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

Questioned Costs

None noted.

Cause

The Division's procedures and controls were not sufficient to ensure that the results of MCO independent audits were posted to its website once completed.

Effect

The Division is not in compliance with the transparency requirements regarding MCO independent audits.

Recommendation

The Division should implement procedures and controls to ensure that it posts the results of independent audits to its website once completed, as required.

Views of Responsible Officials

DMMA will review the procedures and provide additional training for staff to ensure each MCO has had an audit, obtain copies of the audit, reviews the results, and post the results of the audit on the website.

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

Reference Number:	2025-024
Prior Year Finding:	No
Federal Agency:	U.S. Department of Health and Human Services
State Department Name:	Department of Health and Social Services
State Division:	Division of Medicaid and Medical Assistance
Federal Program:	Medicaid Cluster
Assistance Listing Number:	93.775, 93.777, 93.778
Award Number and Year:	2405DE5MAP (10/1/2023 – 9/30/2024) 2505DE5MAP (10/1/2024 – 9/30/2025)
Compliance Requirement:	Eligibility
Type of Finding:	Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or Specific Requirement

Compliance: States verify the financial and nonfinancial factors of eligibility, per federal requirements at 42 CFR 435.948 through 435.956 and state requirements (as documented in the state plan, verification plan, and eligibility manual). States must monitor the accuracy of eligibility determinations by establishing a Medicaid Eligibility Quality Control (MEQC) program to reduce erroneous expenditures in conjunction with the Payment Error Rate Measurement (PERM) 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 supporting participant eligibility.

Context

For two of forty participants selected for testing, the Division did not maintain copies of the application, case comments, and/or renewal determination for the participants.

Questioned Costs

Undetermined.

Cause

The Division’s procedures and controls were not sufficient to ensure that it maintained documentation supporting participant eligibility.

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

Effect

Failure to maintain eligibility documentation could result in ineligible participants receiving benefits under the program.

Recommendation

The Division should implement procedures and controls to ensure that it maintains documentation supporting participant eligibility and this documentation should be readily available for audit.

Views of Responsible Officials

The Division of Medicaid and Medical Assistance (DMMA) in partnership with the Division of Social Services (DSS) will provide training for determination of member eligibility.

DSS will also ensure supporting participant eligibility documentation is properly maintained.

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

Reference Number:	2025-025
Prior Year Finding:	2024-024
Federal Agency:	U.S. Department of Health and Human Services
State Department Name:	Department of Health and Social Services
State Division:	Division of Substance Abuse and Mental Health
Federal Program:	Opioid-STR
Assistance Listing Number:	93.788
Award Number and Year:	H79TI085764 (9/30/2022 – 9/29/2024) 6H79TI085764 (9/30/2023 – 9/29/2025) 5H79TI083305 (9/30/2024 – 9/29/2027)
Compliance Requirement:	Allowable Costs/Cost Principles – Time and Effort Reporting
Type of Finding:	Material Weakness in Internal Control Over Compliance

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;
(vi) 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

Timesheets provided by the Division of Substance Abuse and Mental Health (Division) were not reviewed and approved timely by a supervisor.

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

Context

16 of 28 timesheets selected for testing were not certified timely by a program supervisor. The timesheets were certified several months after the end of the pay period.

Questioned Costs

Undetermined.

Cause

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

Effect

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

Recommendation

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

Views of Responsible Officials

The Division evaluated the developed process and implemented controls for completion of the process within 60 days with added monitoring roles for accuracy and timeliness. The Division will be performing training for assigned staff, monitoring completion and will continue to improve the process for efficiency and compliance.

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

Reference Number:	2025-026
Prior Year Finding:	2024-025
Federal Agency:	U.S. Department of Health and Human Services
State Department Name:	Department of Health and Social Services
State Division:	Division of Substance Abuse and Mental Health
Federal Program:	Opioid STR
Assistance Listing Number:	93.788
Award Number and Year:	H79TI085764 (9/30/2022 – 9/29/2024) 6H79TI085764 (9/30/2023 – 9/29/2025) 5H79TI083305 (9/30/2024 – 9/29/2027)
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. On March 8, 2025, FSRS.gov was retired, and all subaward reporting data and functionality transitioned to SAM.gov after that date.

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).

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 per FFATA requirements.

Context

Five of eleven subawards selected for testing were not reported timely per FFATA requirements. One subaward was issued on 9/22/2024 and has not been reported to SAM.gov. Four subawards were not reported timely and were reported 1 to 118 days late.

Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
11	1	4	0	0
Dollar Amount of Tested Transactions	**Subaward not reported**	**Report not timely**	**Subaward amount incorrect**	**Subaward missing key elements**
$5,491,073	$79,392	$4,205,453	$0	$0

Cause

The Division's policies and procedures were not sufficient to ensure that required subaward information was reported accurately 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 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 SAM.gov.

Views of Responsible Officials

The Division has reviewed the FFATA reporting requirements and evaluated the procedures in place for identifying and reporting subawards in SAM.gov. During the audit period, the Division relied on existing processes that did not include a formalized secondary review to ensure all reportable subawards were submitted within the required timeframe.

In response to this finding, the Division has implemented enhanced internal controls and monitoring procedures to ensure compliance with FFATA reporting requirements. These actions include:

- Development of a standardized FFATA tracking log to monitor all subawards issued under applicable federal programs.
- Implementation of a secondary review process to verify that all reportable subawards meeting FFATA thresholds are identified and submitted in SAM.gov within required deadlines.

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

- Coordination between program and fiscal staff to confirm subaward execution dates, amounts, and reporting applicability prior to the reporting deadline.
- Periodic review of SAM.gov submissions to ensure completeness and accuracy.

These corrective actions are intended to strengthen internal controls over FFATA reporting and ensure timely and accurate submission of required subaward reports going forward.

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

Reference Number:	2025-027
Prior Year Finding:	2024-026
Federal Agency:	U.S. Department of Health and Human Services
State Department Name:	Department of Health and Social Services
State Division:	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:	SAI000006426 (10/1/2023 – 9/30/2025) SAI000005888 (10/1/2022 – 9/30/2024) SAI000005101 (9/1/2021 – 9/30/2025)
Compliance Requirement:	Reporting – Federal Funding Accountability and Transparency Act (FFATA)
Type of Finding:	Significant Deficiency in Internal Control Over Compliance, Other Matters

Criteria or Specific Requirement

Compliance: Per the Federal Funding Accountability and Transparency Act (FFATA), prime (direct) recipients of grants or cooperative agreements are required to report first-tier subawards of $30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS). Reports must be filed in FSRS by the end of the month following the month in which the prime recipient awards any sub-grant greater than or equal to $30,000. If the initial award is below $30,000 but subsequent grant modifications result in a total award equal to or over $30,000, the award will be subject to the reporting requirements as of the date the award exceeds $30,000. If the initial award equals or exceeds $30,000 but funding is subsequently de-obligated such that the total award amount falls below $30,000, the award continues to be subject to FFATA reporting requirements. On March 8, 2025, FSRS.gov was retired, and all subaward reporting data and functionality transitioned to SAM.gov after that date.

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.)

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

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

Condition

The Division of Substance Abuse and Mental Health (Division) did not report required subaward information in accordance with FFATA requirements.

Context

Two of five subawards selected for testing were not reported in accordance with FFATA requirements.

Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
5	1	1	0	0
Dollar Amount of Tested Transactions	**Subaward not reported**	**Report not timely**	**Subaward amount incorrect**	**Subaward missing key elements**
$1,142,521	$53,126	$75,715	$0	$0

Cause

The Division's policies and procedures were not sufficient to ensure that required subaward information was reported accurately 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 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 SAM.gov.

Views of Responsible Officials

Regarding the subaward identified as not timely reported, the Division confirms that the subaward was submitted in SAM.gov on December 9, 2024. In accordance with FFATA reporting requirements, the subaward should have been reported no later than the end of the month following the month in which the subaward was issued. The delay in reporting was the result of administrative oversight.

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

Since the prior finding, the Division has reviewed and strengthened its internal controls related to FFATA reporting to ensure compliance with federal requirements. Updated procedures have been implemented to formally track all subawards subject to FFATA reporting, including documentation of subaward issuance dates, calculation of reporting due dates, and verification of submission in SAM.gov within the required timeframe.

In addition, the Division has implemented a secondary review process to monitor FFATA reporting on an ongoing basis. This includes periodic review of subaward activity and confirmation that all required reports have been submitted timely. These enhanced controls are intended to prevent recurrence of late reporting and to ensure full compliance with FFATA requirements going forward.

CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAglobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.

CORRECTIVE ACTION PLAN

Department of Education

Townsend Building
401 Federal Street Suite 2
Dover, Delaware 19901-3639
education.delaware.gov

Cynthia Marten
Secretary of Education
302-735-4000
302-739-4654 (fax)

Reference Number:	2025-002
Prior Year Finding:	No
Federal Agency:	U.S. Department Agriculture
State Agency:	Department of Education
Federal Program:	Child Nutrition Cluster
Assistance Listing Number:	10.553, 10.555, 10.556, 10.559, 10.582
Award Number and Year:	202424N109941 (10/1/2023 – 1/30/2025); 202424L160341 (10/1/2023 – 1/30/2025); 202525N109941 (10/1/2024 – 1/28/2026); 202522L160341 (10/1/2024 – 1/28/2026).
Compliance Requirement:	Reporting – Federal Funding Accountability and Transparency Act (FFATA)
Type of Finding:	Material Weakness in Internal Control Over Compliance, Material Noncompliance

Recommendation:
We recommend the Department develop procedures and internal controls to ensure that all required subawards are reported timely and accurately no later than the end of the month following the month of issuance of each subaward.

Explanation of disagreement with audit finding:
There is no disagreement with the audit finding.

Action taken in response to finding: The Department will revise and strengthen our policies and procedures to ensure full compliance with FFATA reporting requirements. Updated procedures will require that all applicable child nutrition subawards of $30,000 or more are reported in SAM.gov no later than the end of the month following the month in which the subaward is made, in accordance with Uniform Grant Guidance.

Name(s) of the contact person(s) responsible for corrective action: Drew Fioravanti

Planned completion date for corrective action plan: June 30, 2026

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Delaware Health and Social Services

Office of the Secretary - Administration

1901 N. DUPONT HIGHWAY, NEW CASTLE, DE 19720 * TELEPHONE: 302-255-9040 FAX: 302-255-4429

Reference Number:	2025-003
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:	Division of Public Health
Federal Program:	WIC Special Supplemental Nutrition Program for Women, Infants, and Children
Assistance Listing Number:	10.557
Award Number and Year:	241DE701W1003 (10/1/2023 – 9/30/2024) 251DE701W1003 (10/1/2024 – 9/30/2025)
Compliance Requirement:	Allowable Costs/Cost Principles – Time and Effort Reporting
Type of Finding:	Significant Deficiency in Internal Control Over Compliance

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

Explanation of disagreement with audit finding:
There is no disagreement with the audit finding.

Action taken in response to finding:
On March 12, 2026, an email to all WIC supervisors was issued notifying the dates that all T&E reports are due to the Administration Office.

The policy was reiterated during the March 17,2026 Supervisors meeting held via Zoom.

Name(s) of the contact person(s) responsible for corrective action:
Joanne White – Public Health Program Administrator

Planned completion date for corrective action plan:
March 31, 2026

Delaware Health and Social Services

Office of the Secretary - Administration

1901 N. DUPONT HIGHWAY, NEW CASTLE, DE 19720 * TELEPHONE: 302-255-9040 FAX: 302-255-4429

Reference Number:	2025-004
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:	Division of Public Health
Federal Program:	WIC Special Supplemental Nutrition Program for Women, Infants, and Children
Assistance Listing Number:	10.557
Award Number and Year:	241DE701W1003 (10/1/2023 – 9/30/2024)
Compliance Requirement:	Cash Management
Type of Finding:	Significant Deficiency in Internal Control Over Compliance

Recommendation:
The Division should enhance procedures and controls to ensure that drawdown requests are reviewed and approved prior to submission.

Explanation of disagreement with audit finding:
There is no disagreement with the audit finding.

Action taken in response to finding:
The Division confirmed the drawdown transaction was accurate and appropriate.

The Division reiterated the Cash Management procedure to all staff and confirmed their understanding. In addition, the Division has in place a review process for new stsaff regarding procedures with confirmation of completion. There is an established training manual which has been reviewed to ensure it contains the most update to date process.

Manuals and procedures will be reviewed regularly and updated, as needed.

Name(s) of the contact person(s) responsible for corrective action:
Gary Owens – primary
Deborah Fisher and Jennifer Heesh – backups

Planned completion date for corrective action plan:
March 31, 2026.

OFFICE OF THE SECRETARY
4425 MARKET NORTH MARKET STREET • WILMINGTON, DELAWARE • 19802 • LABOR.DELAWARE.GOV

Reference Number:	2025-005
Prior Year Finding:	2024-005
Federal Agency:	U.S. Department of Labor
State Agency:	Department of Labor
State Division:	Division of Unemployment Insurance
Federal Program:	Unemployment Insurance, COVID-19 – Unemployment Insurance
Assistance Listing Number:	17.225
Award Number and Period:	UI372152255A10 (10/1/2021 – 12/31/2024) UI393142355A10 (10/1/2022 – 12/31/2025) 24A55UI000067 (10/1/2023 – 12/31/2026) 25A55UI000116 (1/1/2024 – 12/31/2027)
Compliance Requirement:	Special Tests and Provisions – UI Benefit Payments
Type of Finding:	Material Weakness in Internal Control over Compliance, Material Noncompliance

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.

Explanation of disagreement with audit finding:
There is no disagreement with the audit finding.

Action taken in response to finding:
The Division of Unemployment Insurance (Division) acknowledges the finding and agrees that improvements are necessary to ensure full compliance with Benefits Accuracy Measurement (BAM) program requirements. The Division recognizes the importance of conducting weekly investigations and adhering to established timeliness standards to maintain the integrity and accuracy of unemployment insurance benefit payments and denied claims.

The Division notes that the identified deficiencies were primarily due to significant staffing shortages and competing operational demands, which were further exacerbated by the sustained workload associated with pandemic-related programs. These challenges affected the Division's capacity to complete the required number of weekly investigations and to meet prescribed case completion timeframes.
To address these issues, the Division has taken and will continue to take corrective actions, including:
· Actively recruiting and onboarding additional staff dedicated to BAM operations.
· Providing enhanced training to ensure staff are equipped to conduct timely and thorough investigations.
· Implementing improved case management and tracking mechanisms to monitor timeliness and workload distribution.
· Evaluating internal processes to identify efficiencies and reduce delays in case completion.

The Division is committed to strengthening internal controls and ensuring compliance with federal requirements. Management will continue to monitor progress and take additional corrective actions as necessary to meet BAM performance standards moving forward.

Name(s) of the contact person(s) responsible for corrective action:
Evan Douglass, DUI Quality Control and Continuous Improvement Administrator

Planned completion date for corrective action plan:
March 31, 2027

OFFICE OF THE SECRETARY
4425 MARKET NORTH MARKET STREET • WILMINGTON, DELAWARE • 19802 • LABOR.DELAWARE.GOV

Reference Number:	2025-006
Prior Year Finding:	2024-007
Federal Agency:	U.S. Department of Labor
State Agency:	Department of Labor
State Division:	Division of Unemployment Insurance
Federal Program:	Unemployment Insurance, COVID-19 – Unemployment Insurance
Assistance Listing Number:	17.225
Award Number and Period:	UI372152255A10 (10/1/2021 – 12/31/2024) UI393142355A10 (10/1/2022 – 12/31/2025) 24A55UI000067 (10/1/2023 – 12/31/2026) 25A55UI000116 (1/1/2024 – 12/31/2027)
Compliance Requirement:	Reporting – ETA 2208A, Quarterly UI Above-Base Report
Type of Finding:	Material Weakness in Internal Control over Compliance, Material Noncompliance

Recommendation:
The Division should review and update its reporting internal controls to ensure that ETA 2208A – Quarterly UI Above-Base Reports tie to supporting documentation and that supporting documentation is retained and readily available for audit.

Explanation of disagreement with audit finding:
There is no disagreement with the audit finding.

Action taken in response to finding:
We acknowledge the audit finding that the Division was unable to provide supporting documentation for QE 09/30/2024 ETA 2208A report. Procedures have been implemented to ensure documentation used to complete the ETA 2208A is saved in clearly marked folders on our Fiscal drive for ease of retrieval. Procedures will be documented and saved for ease of retrieval and use.

Name(s) of the contact person(s) responsible for corrective action:
Michael Soper, Fiscal Management

Planned completion date for corrective action plan:
Procedures are already in use for QE 12/31/2025 ETA 2208A report. Procedures will be documented by QE 06/30/2026 with revisions as needed.

OFFICE OF THE SECRETARY
4425 MARKET NORTH MARKET STREET • WILMINGTON, DELAWARE • 19802 • LABOR.DELAWARE.GOV

Reference Number:	2025-007
Prior Year Finding:	No
Federal Agency:	U.S. Department of Labor
State Department Name:	Department of Labor
State Division Name:	Division of Unemployment Insurance
Federal Program:	Unemployment Insurance, COVID-19 – Unemployment Insurance
Assistance Listing Number:	17.225
Award Number and Year:	UI372152255A10 (10/1/2021 – 12/31/2024) UI393142355A10 (10/1/2022 – 12/31/2025) 24A55UI000067 (10/1/2023 – 12/31/2026) 25A55UI000116 (1/1/2024 – 12/31/2027)
Compliance Requirement:	Reporting – ETA 2112, UI Financial Transaction Summary
Type of Finding:	Material Weakness in Internal Control Over Compliance

Recommendation:
We recommend the Division review and enhance internal controls to ensure that ETA 2112 reports are reviewed and approved prior to submission.

Explanation of disagreement with audit finding:
There is no disagreement with the audit finding.

Action taken in response to finding:
There is already a signature on the report we will now have that is signed and dated and will also add an additional line for preparer signature and date.

Name(s) of the contact person(s) responsible for corrective action:
Marie Cameron, Director of UI

Planned completion date for corrective action plan:
Quarter 1 2026.

OFFICE OF THE SECRETARY
4425 MARKET NORTH MARKET STREET • WILMINGTON, DELAWARE • 19802 • LABOR.DELAWARE.GOV

Reference Number:	2025-008
Prior Year Finding:	2024-010
Federal Agency:	U.S. Department of Labor
State Department Name:	Department of Labor
State Division Name:	Division of Unemployment Insurance
Federal Program:	Unemployment Insurance, COVID-19 – Unemployment Insurance
Assistance Listing Number:	17.225
Award Number and Year:	UI372152255A10 (10/1/2021 – 12/31/2024) UI393142355A10 (10/1/2022 – 12/31/2025) 24A55UI000067 (10/1/2023 – 12/31/2026) 25A55UI000116 (1/1/2024 – 12/31/2027)
Compliance Requirement:	Allowable Cost/Cost Principles – Time and Effort Reporting
Type of Finding:	Significant Deficiency in Internal Control Over Compliance, Other Matters

Recommendation:
The Division should reevaluate its current process, implement proper controls, and perform additional training for 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.

Explanation of disagreement with audit finding:
We agree that the division was unable to provide documentation supporting the timesheet approval as asserted. However, we respectfully disagree that the lack of timesheet approval translates into charging the program with unallowed costs. It's important that the auditors understand that the division's responsibility to ensure that payroll charges to the program are appropriate begins with ensuring that each employee tasked with performing program functions are hired into the correct division internal program unit ("IPU"). And then further within that IPU, instruct employees to use a specific activity code that is assigned to various federal programs. In the samples reviewed, employees properly used the correct activity code to record time for the work performed.

Action taken in response to finding:
The business will continue to refine its process for demonstrating the appropriateness of allowed payroll costs to the program and present a substantial action plan in late FY2027.

Name(s) of the contact person(s) responsible for corrective action:
Marie Cameron, Director of DUI

Planned completion date for corrective action plan:
March 31, 2027

OFFICE OF THE SECRETARY
4425 MARKET NORTH MARKET STREET • WILMINGTON, DELAWARE • 19802 • LABOR.DELAWARE.GOV

Reference Number:	2025-009
Prior Year Finding:	2024-011
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:	24A55UI000067 (10/1/2023 – 12/31/2026) 25A55UI000116 (10/1/2024 – 12/31/2027)
Compliance Requirement:	Allowable Cost/Cost Principles
Type of Finding:	Significant Deficiency in Internal Control Over Compliance, Other Matters

Recommendation:
The Division should reevaluate its procedures and controls regarding general disbursements to ensure that supporting documentation is readily available upon audit request.

Explanation of disagreement with audit finding:
We acknowledge that audit ready evidence was not produced in a timely fashion but respectfully disagree that the Division did not maintain this evidence. The lack of timely production can be attributed to lack of awareness of the proper repository where such audit evidence was maintained and/or could be easily retrieved, as opposed to no maintenance at all. We also maintain that the division was able to substantiate all expenses queried.

Action taken in response to finding:
The business will continue to refine its process for maintaining audit ready evidence to improve response time in future engagements.

Name(s) of the contact person(s) responsible for corrective action:
Michael Soper, Fiscal Management

Planned completion date for corrective action plan:
March 31, 2027

OFFICE OF THE SECRETARY
4425 MARKET NORTH MARKET STREET • WILMINGTON, DELAWARE • 19802 • LABOR.DELAWARE.GOV

Reference Number:	2025-010
Prior Year Finding:	2024-004
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:	UI372152255A10 (10/1/2021 – 12/31/2024) UI393142355A10 (10/1/2022 – 12/31/2025) 24A55UI000067 (10/1/2023 – 12/31/2026) 25A55UI000116 (1/1/2024 – 12/31/2027)
Compliance Requirement:	Eligibility
Type of Finding:	Significant Deficiency in Internal Control Over Compliance, Other Matters

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

Explanation of disagreement with audit finding:
There is no disagreement with the audit finding.

Action taken in response to finding:
For 3 of 60 claimants, the Division was unable to provide documentation that the claimant provided weekly updates.

These cases (sample 2,7 and 36) relate to claimant weekly certifications and their responses to required eligibility questions for the applicable benefit weeks. Due to existing mainframe system limitations, the Division does not have the ability to directly view all claimant responses within the system interface.

In preparation for the CLA review, Application Support generated a comprehensive report capturing weekly certification responses for all sampled claimants, based on Social Security Numbers. However, three claimants did not appear on this report, and therefore their responses could not be verified at the time of review.

The Division has identified both short-term and long-term corrective actions to address this discrepancy:

- Short-term solution: A service ticket has been submitted to the Application Support team to investigate and resolve the issue that caused these claimants to be excluded from the report.

Once resolved, future reports are expected to consistently capture all claimant responses associated with weekly certifications.

- Long-term solution: The Division recognizes the need for a modernized system to improve the efficiency and reliability of claims processing and adjudication. Current case management systems are outdated and have limited functionality. Implementation of an updated system will allow for automated capture of weekly certification responses, improved data accessibility, and enhanced identification of potential compliance issues requiring investigation.

Name(s) of the contact person(s) responsible for corrective action:
Rachael Griffith, UI Administrator

Planned completion date for corrective action plan:
March 31, 2027

OFFICE OF THE SECRETARY
4425 MARKET NORTH MARKET STREET • WILMINGTON, DELAWARE • 19802 • LABOR.DELAWARE.GOV

Reference Number:	2025-011
Prior Year Finding:	2024-012
Federal Agency:	U.S. Department of Labor
State Department Name:	Department of Labor
State Division Name:	Division of Unemployment Insurance
Federal Program:	Unemployment Insurance, COVID-19 – Unemployment Insurance
Assistance Listing Number:	17.225
Award Number and Year:	UI372152255A10 (10/1/2021 – 12/31/2024) UI393142355A10 (10/1/2022 – 12/31/2025) 24A55UI000067 (10/1/2023 – 12/31/2026) 25A55UI000116 (1/1/2024 – 12/31/2027)
Compliance Requirement:	Reporting – ETA 9130, Financial Status Report, UI Programs
Type of Finding:	Significant Deficiency in Internal Control Over Compliance, Other Matters

Recommendation:
We recommend the Division review and enhance procedures and internal controls to ensure that ETA 9130 reports agree with supporting documentation and that documentation is maintained and is readily available for audit.

Explanation of disagreement with audit finding:
There is no disagreement with the audit finding.

Action taken in response to finding:
We acknowledge the audit finding that several ETA 9130 reports did not agree with the supporting documentation. Procedures have been implemented to ensure documentation used to complete the ETA 9130 reports are reviewed by both the Certifying and Approving Officials before final sign off. Procedures will be documented and saved for ease of retrieval and use. Backup will be saved in clearly marked folders on our Fiscal drive for ease of retrieval.

Name(s) of the contact person(s) responsible for corrective action:
Michael Soper, Fiscal Management

Planned completion date for corrective action plan:
Procedures are in use for QE 03/31/2026 ETA 9130 reports. Procedures will be documented by QE 06/30/2026 for ETA 9130 reports with revisions as needed.

OFFICE OF THE SECRETARY
4425 MARKET NORTH MARKET STREET • WILMINGTON, DELAWARE • 19802 • LABOR.DELAWARE.GOV

Reference Number:	2025-012
Prior Year Finding:	2024-006
Federal Agency:	U.S. Department of Labor
State Agency:	Department of Labor
State Division:	Division of Unemployment Insurance
Federal Program:	Unemployment Insurance, COVID-19 – Unemployment Insurance
Assistance Listing Number:	17.225
Award Number and Period:	UI372152255A10 (10/1/2021 – 12/31/2024) UI393142355A10 (10/1/2022 – 12/31/2025) 24A55UI000067 (10/1/2023 – 12/31/2026) 25A55UI000116 (1/1/2024 – 12/31/2027)
Compliance Requirement:	Special Tests and Provisions – Employer Experience Rating
Type of Finding:	Significant Deficiency in Internal Control over Compliance, Other Matters

Recommendation:
The Division should review and enhance procedures and controls to ensure that employer experience rates are properly calculated and applied.

Explanation of disagreement with audit finding:
Disagreement with Finding-New Employer Rate Assignment

Action taken in response to finding:
We disagree with the finding as we believe the employer's account effective date and liability status were established in accordance with the applicable state UI laws and regulations.

Documentation can be provided to substantiate this determination.

Account# 69821 was established in November of 2024 with a liability date of 04/2013 per employer's application on file, which gave the employer a new employer rate of 2.8. After my discussion with the auditor on 3/19/26, I pulled the folder to further investigate.

Based on this review, we conclude that the rate assignment was accurate and compliant, and therefore the finding appears to be based on a misunderstanding of the employer's account status or the applicable rate criteria.

The business already implemented a corrective action plan in 2025 which entailed changing how the calculation is performed. This calculation is now done outside of the Mainframe system in compliance with Title 19 rules with results uploaded into the system after calculation. The UI program successfully provided an auditable population for calendar year 2025

Name(s) of the contact person(s) responsible for corrective action:
Angela Hackett, Administrator

Planned completion date for corrective action plan:

We have internal controls in place to mitigate the risk of an incorrect rate being assigned to a new employer. This issue was corrected in 2025 when finding was first originally presented.

STATE OF DELAWARE
DEPARTMENT OF FINANCE
DIVISION OF ACCOUNTING
820 SILVER LAKE BOULEVARD
SECOND FLOOR, SUITE 200, (D570C)
DOVER, DELAWARE 19904
FAX: (302) 739-1200
TELEPHONE: (302) 672-5000

Reference Number:	2025-013
Prior Year Finding:	2024-013
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:	Significant Deficiency in Internal Control Over Compliance, Other Matters

Recommendation:
We recommend that the Office enhance procedures and internal controls to ensure that it reports and/or maintains in project files capital project justifications that contain all required elements. The Office should provide training of State agency personnel and conduct periodic reviews of written capital project justifications to ensure that they comply with program requirements.

Explanation of disagreement with audit finding:
There is no disagreement with the audit finding.

Action taken in response to finding: The ARPA team acknowledges that the repeat finding related to capital project justifications resulted from gaps in enforcement and follow-up procedures with state agencies. While guidance was provided, the team did not consistently ensure that complete and compliant capital project justifications were obtained and reviewed prior to reporting. Contributing factors included limited staffing resources also impacted agencies' ability to provide complete historical information for projects initiated in prior reporting periods. In several cases, agency personnel responsible for original project justifications were no longer available, making it more difficult to obtain sufficient documentation to meet Treasury requirements. However, the ARPA team recognizes that these challenges do not mitigate the responsibility to ensure compliance with reporting requirements.

To address this, the ARPA team will implement enhanced controls to ensure compliance with capital project justification requirements. These include requiring complete justifications prior to reporting, use of a standardized template and review checklist, and a formal second-level review process to verify completeness and accuracy. In addition, the team will maintain centralized tracking of all submissions, implement formal escalation procedures for nonresponsive agencies, and provide ongoing training and guidance, including support for new agency personnel. Periodic compliance reviews will also be conducted to ensure continued adherence to program requirements.

These actions are designed to strengthen internal controls, improve accountability, and ensure that all reported capital project justifications fully comply with Treasury requirements.

Name(s) of the contact person(s) responsible for corrective action: John Celatka and Greg Sweeney

Planned completion date for corrective action plan: June 30, 2026

STATE OF DELAWARE
DEPARTMENT OF STATE

Reference Number:	2025-014
Prior Year Finding:	No
Federal Agency:	U.S. Department of the Treasury
State Department Name:	Division of Libraries
Federal Program:	COVID-19 – Coronavirus Capital Projects Fund
Assistance Listing Number:	21.029
Award Number and Year:	CPFFN0144 (2/4/2022 – 12/31/2026)
Compliance Requirement:	Procurement
Type of Finding:	Significant Deficiency in Internal Control Over Compliance, Other Matters

Recommendation:
The Division should review and enhance controls and procedures to ensure that it follows the State's procurement policies for all contracts charged to the program.

Explanation of disagreement with audit finding:
The Department of State, Division of Libraries disputes the audit finding of "significant deficiency in internal control over compliance, other matters" on the basis that Title 29, Chapter 69 of the Delaware Code is inapplicable and exempts the purchase of services by libraries from the State procurement process, including construction. Without admission to any deficiency in the Division's "internal control over compliance, other matters," the Division of Libraries will review all internal controls and procedures to ensure compliance with the State's procurement process.

Action taken in response to finding:
Legal review of the Department of State, Division of Libraries internal controls and procedures to ensure compliance with State procurement process.

Name(s) of the contact person(s) responsible for corrective action:
Michelle Strauss, Chief of Staff, Department of State

Planned completion date for corrective action plan:
No later than six (6) months from the date of submission of this response, or September 16, 2026.

STATE OF DELAWARE
DEPARTMENT OF FINANCE
DIVISION OF ACCOUNTING
820 SILVER LAKE BOULEVARD
SECOND FLOOR, SUITE 200, (D570C)
DOVER, DELAWARE 19904

FAX: (302) 739-1200 TELEPHONE: (302) 672-5000

Reference Number:	2025-015
Prior Year Finding:	No
Federal Agency:	U.S. Department of the Treasury
State Department Name:	Office of the Governor
Federal Program:	COVID-19 – Coronavirus Capital Projects Fund
Assistance Listing Number:	21.029
Award Number and Year:	CPFFN0144 (2/4/2022 – 12/31/2026)
Compliance Requirement:	Reporting
Type of Finding:	Significant Deficiency in Internal Control Over Compliance, Other Matters

Recommendation:
We recommend that the Office enhance its procedures and internal controls to ensure that reported square footage agrees with supporting documentation.

Explanation of disagreement with audit finding:
There is no disagreement with the audit finding.

Action taken in response to finding: The ARPA team acknowledges that the discrepancy in reported square footage resulted from a data entry error and insufficient controls to ensure that updates to project data were reflected in subsequent reporting periods.

To address this, the team has implemented enhanced data validation procedures, including reconciliation of reported data to supporting documentation each reporting period, formal tracking of changes to project data, and a secondary review of key data elements prior to submission. Ongoing monitoring will be performed to ensure continued accuracy and consistency across reporting periods.

Name(s) of the contact person(s) responsible for corrective action: John Celatka and Greg Sweeney

Planned completion date for corrective action plan: June 30, 2026

Delaware Health and Social Services

Office of the Secretary - Administration

1901 N. DUPONT HIGHWAY, NEW CASTLE, DE 19720 * TELEPHONE: 302-255-9040 FAX: 302-255-4429

Reference Number:	2025-016
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:	Division of Public Health
Federal Program:	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC), COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)
Assistance Listing Number:	93.323
Award Number and Year:	NU50CK000497 (8/1/2019 – 7/31/2027) NU51CK000334 (8/1/2024 – 7/31/2029)
Compliance Requirement:	Allowable Costs/Cost Principles – Time and Effort Reporting
Type of Finding:	Significant Deficiency in Internal Control Over Compliance, Other Matters

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.

Explanation of disagreement with audit finding:
There is no disagreement with the audit finding.

Action taken in response to finding:
- ELC Financial Lead will work with DPH Support Services to track all recoded time against grant.
- As recodes are identified, time certifications for affected staff will need to be revised and filed appropriately.

Name(s) of the contact person(s) responsible for corrective action:
Teresa Reed, Wes Holleger, Deborah Fisher

Planned completion date for corrective action plan:
April 1, 2026.

Delaware Health and Social Services

Office of the Secretary - Administration

1901 N. DUPONT HIGHWAY, NEW CASTLE, DE 19720 * TELEPHONE: 302-255-9040 FAX: 302-255-4429

Reference Number:	2025-017
Prior Year Finding:	No
Federal Agency:	U.S. Department of Health and Human Services
State Department Name:	Department of Health and Social Services
State Division:	Division of Social Services
Federal Program:	Temporary Assistance for Needy Families
Assistance Listing Number:	93.558
Award Number and Year:	2501DETANF (10/1/2024 – 9/30/2025) 2401DETANF (10/1/2023 – 9/30/2024) 2301DETANF (10/1/2022 – 9/30/2023)
Compliance Requirement:	Allowable Costs/Cost Principles – Time and Effort Reporting
Type of Finding:	Material Weakness in Internal Control Over Compliance, Material Noncompliance

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

Explanation of disagreement with audit finding:
There is no disagreement with the audit findings.

Action taken in response to finding:
The following action will be taken to improve the current process.

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

Name(s) of the contact person(s) responsible for corrective action:
Joanne Sunga – Fiscal Administrator
Tracey Rogers-Mitchell – OSEC Chief of Administration
Secil Onat – DSS Chief of Administration

Planned completion date for corrective action plan:
June 30, 2026

Delaware Health and Social Services

Office of the Secretary - Administration

1901 N. DUPONT HIGHWAY, NEW CASTLE, DE 19720 * TELEPHONE: 302-255-9040 FAX: 302-255-4429

Reference Number:	2025-018
Prior Year Finding:	No
Federal Agency:	U.S. Department of Health and Human Services
State Department Name:	Department of Health and Social Services
State Division:	Division of Social Services
Federal Program:	CCDF Cluster
Assistance Listing Number:	93.575. 93.596
Award Number and Year:	SAI5406 (10/1/2022 – 9/30/2025) SAI5788 (10/1/2023 – 9/30/2026) SAI6656 (10/1/2024 – 9/30/2028) SAI6306 (10/1/2024 – 9/30/2027)
Compliance Requirement:	Eligibility
Type of Finding:	Material Weakness in Internal Control Over Compliance, Material Noncompliance

Recommendation:
The Division should reevaluate its current process, implement proper controls, and perform additional training to ensure that participants receiving benefits under the program meet eligibility requirements. The Division should maintain documentation of participant eligibility and this documentation should be readily available for audit.

Explanation of disagreement with audit finding:
There is no disagreement with the audit finding.

Action taken in response to finding:
The Division of Social Services (DSS) is currently conducting pilot sites to implement front-end scanning prior to case processing. Bi-weekly meetings with the vendor began in August 2024, and the first on-site visit to a pilot location took place in August 2025. Following successful implementation of the scanning process, a statewide rollout is planned for April–May 2026.

The DSS Training Department has developed targeted mini training courses focusing on areas with high error rates. The Learning Innovation Team (LIT) will collect and analyze pre- and post-assessment data from child care training to measure effectiveness. Additionally, open lab sessions will be introduced to provide hands-on support, with a focus on accurately entering authorizations based on need for care and addressing other common error areas identified through Quality Control audits.

Name(s) of the contact person(s) responsible for corrective action:
Jacqueline Bensel – Social Service Senior Administrator

Planned completion date for corrective action plan:
June 30, 2026.

Delaware Health and Social Services

Office of the Secretary - Administration

1901 N. DUPONT HIGHWAY, NEW CASTLE, DE 19720 * TELEPHONE: 302-255-9040 FAX: 302-255-4429

Reference Number:	2025-019
Prior Year Finding:	2024-020
Federal Agency:	U.S. Department of Health and Human Services
State Department Name:	Department of Health and Social Services
State Division Name:	Division of Social Services
Federal Program:	CCDF Cluster
Assistance Listing Number:	93.575. 93.596
Award Number and Year:	SAI5406 (10/1/2022 – 9/30/2025) SAI5788 (10/1/2023 – 9/30/2026) SAI6656 (10/1/2024 – 9/30/2028) SAI6306 (10/1/2024 – 9/30/2027)
Compliance Requirement:	Special Tests and Provisions – Health and Safety Requirements
Type of Finding:	Material Weakness in Internal Control over Compliance, Material Noncompliance

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

Explanation of disagreement with audit finding:
There is no disagreement with the audit finding.

Action taken in response to finding:
The Department of Education, Early Childhood Excellence team will reevaluate its current process and perform additional training to ensure all providers are compliant with required health and safety requirements. Reporting will operate effectively in a new data system to ensure that documentation of providers' compliance with health and safety requirements is maintained and readily available for audit.

Name(s) of the contact person(s) responsible for corrective action:
Caitlin Gleason – Department of Education Associate Secretary, Early Childhood Excellence

Planned completion date for corrective action plan:
Between July 1, 2026 and July 1, 2027.

Delaware Health and Social Services

Office of the Secretary - Administration

1901 N. DUPONT HIGHWAY, NEW CASTLE, DE 19720 * TELEPHONE: 302-255-9040 FAX: 302-255-4429

Reference Number:	2025-020
Prior Year Finding:	2024-019
Federal Agency:	U.S. Department of Health and Human Services
State Department Name:	Department of Health and Social Services
State Division:	Division of Social Services
Federal Program:	CCDF Cluster
Assistance Listing Number:	93.575. 93.596
Award Number and Year:	SAI5406 (10/1/2022 – 9/30/2025) SAI5788 (10/1/2023 – 9/30/2026) SAI6656 (10/1/2024 – 9/30/2028) SAI6306 (10/1/2024 – 9/30/2027)
Compliance Requirement:	Allowable Costs/Cost Principles – Time and Effort Reporting
Type of Finding:	Significant Deficiency in Internal Control Over Compliance

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

Explanation of disagreement with audit finding:
There is no disagreement with the audit findings.

Action taken in response to finding:
The following action will be taken to improve the current process.

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

Name(s) of the contact person(s) responsible for corrective action:
Joanne Sunga – Fiscal Administrator
Tracey Rogers-Mitchell – OSEC Chief of Administration
Secil Onat – DSS Chief of Administration

Planned completion date for corrective action plan:
June 30, 2026.

Delaware Health and Social Services

Office of the Secretary - Administration

1901 N. DUPONT HIGHWAY, NEW CASTLE, DE 19720 * TELEPHONE: 302-255-9040 FAX: 302-255-4429

Reference Number:	2025-021
Prior Year Finding:	No
Federal Agency:	U.S. Department of Health and Human Services
State Agency:	Department of Health and Social Services
State Division:	Division of Medicaid and Medical Assistance
Federal Program:	Children's Health Insurance Program
Assistance Listing Number:	93.767
Award Number and Period:	SAI000005399 (10/1/2023 – 9/30/2024)
Compliance Requirement:	Period of Performance
Type of Finding:	Material Weakness in Internal Control over Compliance, Material Noncompliance

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

Explanation of disagreement with audit finding:
There is no disagreement with the audit finding.

Action taken in response to finding:
To prevent recurrence, we are implementing the following actions:

1. **Enhanced Monitoring Controls**
    - Establish a centralized tracking system for all awards, including start and end dates.
2. **Staff Training and Accountability**
    - Conduct mandatory training for program and finance staff on compliance with period of performance requirements.
    - Assign clear responsibility for monitoring award timelines to designated personnel.
3. **Pre-Closeout Review Process**
    - Introduce a formal pre-closeout review 60 days before the award end date to identify and resolve outstanding obligations.
    - Require certification from both program and finance leads confirming that all expenditures fall within the allowable period.
4. **Post-Expenditure Review**
    - Perform monthly reconciliation of expenditures against the period of performance.
    - Immediately flag and correct any discrepancies identified.

Name(s) of the contact person(s) responsible for corrective action:
Joel Riley – Program Integrity Chief
Anthony Yeager – Fiscal Manager

Planned completion date for corrective action plan:
July 31, 2026

Delaware Health and Social Services

Office of the Secretary - Administration

1901 N. DUPONT HIGHWAY, NEW CASTLE, DE 19720 * TELEPHONE: 302-255-9040 FAX: 302-255-4429

Reference Number:	2025-022
Prior Year Finding:	2024-023
Federal Agency:	U.S. Department of Health and Human Services
State Department Name:	Department of Health and Social Services
State Division Name:	Division of Medicaid and Medical Assistance
Federal Program:	Medicaid Cluster
Assistance Listing Number:	93.775, 93.777, 93.778
Award Number and Year:	2405DE5MAP (10/1/2023 – 9/30/2024) 2505DE5MAP (10/1/2024 – 9/30/2025)
Compliance Requirement:	Special Tests and Provisions – Provider Health and Safety Standards
Type of Finding:	Material Weakness in Internal Control over Compliance, Material Noncompliance

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

Explanation of disagreement with audit finding:
There is no disagreement with the audit finding.

Action taken in response to finding:
DMMA will review the process of storing all data for provider's screening and credentialing information. In addition, when a provider enrolls or revalidates into DMAP, they will be required to submit updated credentials and license information.

Name(s) of the contact person(s) responsible for corrective action:
Mei Johnson, Chief of Admin. IT Unit

Planned completion date for corrective action plan:
September 2026

Delaware Health and Social Services

Office of the Secretary - Administration

1901 N. DUPONT HIGHWAY, NEW CASTLE, DE 19720 * TELEPHONE: 302-255-9040 FAX: 302-255-4429

Reference Number:	2025-023
Prior Year Finding:	2024-022
Federal Agency:	U.S. Department of Health and Human Services
State Department Name:	Department of Health and Social Services
State Division Name:	Division of Medicaid and Medical Assistance
Federal Program:	Children's Health Insurance Program, Medicaid Cluster
Assistance Listing Number:	93.767, 93.775, 93.777, 93.778
Award Number and Year:	2405DE5021 (10/1/2023 – 9/30/2025) 2505DE5021 (10/1/2024 – 9/30/2026) 2405DE5MAP (10/1/2023 – 9/30/2024) 2505DE5MAP (10/1/2024 – 9/30/2025)
Compliance Requirement:	Special Tests and Provisions – Managed Care Financial Audit
Type of Finding:	Significant Deficiency in Internal Control Over Compliance, Other Matters

Recommendation:
The Division should implement procedures and controls to ensure that it posts the results of independent audits to its website once completed, as required.

Explanation of disagreement with audit finding:
There is no disagreement with the audit finding.

Action taken in response to finding:
DMMA will revirew the procedures and provide additional training for staff to ensure each MCO has had an audit, obtain copies of the audit, reviews the results, and post the results of the audit on the website.

Name(s) of the contact person(s) responsible for corrective action:
Colleen Yezek, Chief of Admin. MCO Ops.
Donna O'Hanlon, Soc. Service Sr. Admin.

Planned completion date for corrective action plan:
September 2026

Delaware Health and Social Services

Office of the Secretary - Administration

1901 N. DUPONT HIGHWAY, NEW CASTLE, DE 19720 * TELEPHONE: 302-255-9040 FAX: 302-255-4429

Reference Number:	2025-024
Prior Year Finding:	No
Federal Agency:	U.S. Department of Health and Human Services
State Department Name:	Department of Health and Social Services
State Division Name:	Division of Medicaid and Medical Assistance
Federal Program:	Medicaid Cluster
Assistance Listing Number:	93.775, 93.777, 93.778
Award Number and Year:	2405DE5MAP (10/1/2023 – 9/30/2024) 2505DE5MAP (10/1/2024 – 9/30/2025)
Compliance Requirement:	Eligibility
Type of Finding:	Significant Deficiency in Internal Control Over Compliance, Other Matters

Recommendation:
The Division should implement procedures and controls to ensure that it maintains documentation supporting participant eligibility and this documentation should be readily available for audit.

Explanation of disagreement with audit finding:
There is no disagreement with the audit finding.

Action taken in response to finding:
The Division of Medicaid and Medical Assistance (DMMA) in partnership with the Division of Social Services (DSS) will provide training for determination member eligibility.

DSS will also ensure supporting participant eligibility documentation is properly maintained.

Name(s) of the contact person(s) responsible for corrective action:
Kathleen Mahoney, Social Service Sr. Administrator, DMMA
Carolyn Kincaid, Social Service Chief Administrator, DSS
Marcella Spady, Deputy Principal Assist, DSS

Planned completion date for corrective action plan:
September 2026

Delaware Health and Social Services

Office of the Secretary - Administration

1901 N. DUPONT HIGHWAY, NEW CASTLE, DE 19720 * TELEPHONE: 302-255-9040 FAX: 302-255-4429

Reference Number:	2025-025
Prior Year Finding:	2024-024
Federal Agency:	U.S. Department of Health and Human Services
State Department Name:	Department of Health and Social Services
State Division:	Division of Substance Abuse and Mental Health
Federal Program:	Opioid-STR
Assistance Listing Number:	93.788
Award Number and Year:	H79TI085764 (9/30/2022 – 9/29/2024) 6H79TI085764 (9/30/2023 – 9/29/2025) 5H79TI083305 (9/30/2024 – 9/29/2027)
Compliance Requirement:	Allowable Costs/Cost Principles – Time and Effort Reporting
Type of Finding:	Material Weakness in Internal Control Over Compliance

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

Explanation of disagreement with audit finding:
There is no disagreement with the audit finding.

Action taken in response to finding:
The Division evaluated the developed process and implemented controls for completion of the process within 60 days with added monitoring roles for accuracy and timeliness. The Division will be performing training for assigned staff, monitoring completion and will continue to improve the process for efficiency and compliance.

Name(s) of the contact person(s) responsible for corrective action:
Brook Meadow, Fiscal Administrator II, Office of the Secretary Administration

Planned completion date for corrective action plan:
June 30, 2026

Delaware Health and Social Services

Office of the Secretary - Administration

1901 N. DUPONT HIGHWAY, NEW CASTLE, DE 19720 * TELEPHONE: 302-255-9040 FAX: 302-255-4429

Reference Number:	2025-026
Prior Year Finding:	2024-025
Federal Agency:	U.S. Department of Health and Human Services
State Agency:	Department of Health and Social Services
State Division:	Division of Substance Abuse and Mental Health
Federal Program:	Opioid STR
Assistance Listing Number:	93.788
Award Number and Year:	H79TI085764 (9/30/2022 – 9/29/2024) 6H79TI085764 (9/30/2023 – 9/29/2025) 5H79TI083305 (9/30/2024 – 9/29/2027)
Compliance Requirement:	Reporting – Federal Funding Accountability and Transparency Act (FFATA)
Type of Finding:	Material Weakness in Internal Control Over Compliance, Material Noncompliance

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.

Explanation of disagreement with audit finding:
There is no disagreement with the audit finding.

Action taken in response to finding:
The Division has reviewed the FFATA reporting requirements and evaluated the procedures in place for identifying and reporting subawards in SAM.gov. During the audit period, the Division relied on existing processes that did not include a formalized secondary review to ensure all reportable subawards were submitted within the required timeframe.

In response to this finding, the Division has implemented enhanced internal controls and monitoring procedures to ensure compliance with FFATA reporting requirements. These actions include:

- Development of a standardized FFATA tracking log to monitor all subawards issued under applicable federal programs.
- Implementation of a secondary review process to verify that all reportable subawards meeting FFATA thresholds are identified and submitted in SAM.gov within required deadlines.
- Coordination between program and fiscal staff to confirm subaward execution dates, amounts, and reporting applicability prior to the reporting deadline.
- Periodic review of SAM.gov submissions to ensure completeness and accuracy.

These corrective actions are intended to strengthen internal controls over FFATA reporting and ensure timely and accurate submission of required subaward reports going forward.

Name(s) of the contact person(s) responsible for corrective action:
Sherry Szczuka – Chief of Program Integrity

Planned completion date for corrective action plan:
April 1, 2026.

Delaware Health and Social Services

Office of the Secretary - Administration

1901 N. DUPONT HIGHWAY, NEW CASTLE, DE 19720 * TELEPHONE: 302-255-9040 FAX: 302-255-4429

Reference Number:	2025-027
Prior Year Finding:	2024-026
Federal Agency:	U.S. Department of Health and Human Services
State Agency:	Department of Health and Social Services
State Division:	Division of Substance Abuse and Mental Health
Federal Program:	Block Grants for Substance Use Prevention, Treatment, and Recovery Services, COVID-19 - Block Grants for Substance Use Prevention, Treatment, and Recovery Services
Assistance Listing Number:	93.959
Award Number and Year:	SAI000006426 (10/1/2023 – 9/30/2025) SAI000005888 (10/1/2022 – 9/30/2024) SAI000005101 (9/1/2021 – 9/30/2025)
Compliance Requirement:	Reporting – Federal Funding Accountability and Transparency Act (FFATA)
Type of Finding:	Significant Deficiency in Internal Control Over Compliance, Other Matters

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.

Explanation of disagreement with audit finding:
There is no disagreement with the audit finding.

Action taken in response to finding:
Regarding the subaward identified as not timely reported, the Division confirms that the subaward was submitted in SAM.gov on December 9, 2024. In accordance with FFATA reporting requirements, the subaward should have been reported no later than the end of the month following the month in which the subaward was issued. The delay in reporting was the result of administrative oversight.

Since the prior finding, the Division has reviewed and strengthened its internal controls related to FFATA reporting to ensure compliance with federal requirements. Updated procedures have been implemented to formally track all subawards subject to FFATA reporting, including documentation of subaward issuance dates, calculation of reporting due dates, and verification of submission in SAM.gov within the required timeframe.

In addition, the Division has implemented a secondary review process to monitor FFATA reporting on an ongoing basis. This includes periodic review of subaward activity and confirmation that all required reports have been submitted timely. These enhanced controls are intended to prevent recurrence of late reporting and to ensure full compliance with FFATA requirements going forward.

Name(s) of the contact person(s) responsible for corrective action:
Amy Herb – Chief of Grant Operations

Planned completion date for corrective action plan:
April 1, 2026.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Delaware Health and Social Services

Office of the Secretary - Administration

1901 N. DUPONT HIGHWAY, NEW CASTLE, DE 19720 * TELEPHONE: 302-255-9040 FAX: 302-255-4429

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

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

Current Year Status:
Corrective action was taken.

Delaware Health and Social Services

Office of the Secretary - Administration

1901 N. DUPONT HIGHWAY, NEW CASTLE, DE 19720 * TELEPHONE: 302-255-9040 FAX: 302-255-4429

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

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

Current Year Status:
Corrective action was taken.

DELAWARE DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

4425 MARKET NORTH MARKET STREET • WILMINGTON, DELAWARE • 19802 • LABOR.DELAWARE.GOV

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

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

Current Year Status:
Not Corrected.

Reason for finding's reoccurrence: A full population was able to provided for FY25. During current year testing, work certifications could not be obtained for some weeks during the applicants claim.

Name(s) of the contact person(s) responsible for corrective action: Rachael Griffith, UI Administrator

Planned completion date for corrective action:
3/31/2024

View of Responsible Officials

Finding 1- *For 3 of 60 claimants, the Division was unable to provide documentation that the claimant provided weekly updates.*
These cases (sample 2,7 and 36) relate to claimant weekly certifications and their responses to required eligibility questions for the applicable benefit weeks. Due to existing mainframe system limitations, the Division does not have the ability to directly view all claimant responses within the system interface.

In preparation for the CLA review, Application Support generated a comprehensive report

capturing weekly certification responses for all sampled claimants, based on Social Security Numbers. However, three claimants did not appear on this report, and therefore their responses could not be verified at the time of review.

The Division has identified both short-term and long-term corrective actions to address this discrepancy:

- Short-term solution: A service ticket has been submitted to the Application Support team to investigate and resolve the issue that caused these claimants to be excluded from the report. Once resolved, future reports are expected to consistently capture all claimant responses associated with weekly certifications.

- Long-term solution: The Division recognizes the need for a modernized system to improve the efficiency and reliability of claims processing and adjudication. Current case management systems are outdated and have limited functionality. Implementation of an updated system will allow for automated capture of weekly certification responses, improved data accessibility, and enhanced identification of potential compliance issues requiring investigation. The Division is currently undergoing efforts to address this with an eye on a completion timeline of later Fiscal Year 2027.

Finding 2- *2 of 60 claimants were not properly set up to recoup overpayments*. The Division has already taken corrective action for one claimant not properly set up to recoup overpayment through targeted training and staff reinforcement. The individual adjudicator associated with Sample 35 received one-on-one coaching on February 2, 2026. In addition, one-on-one trainings were offered to that staff member in approximately July 2025 and September 2025. All Adjudication staff training sessions for this topic were also conducted on May 22, 2025, and March 3, 2026.

Responsible Business Owner: Rachael Griffith, UI Administrator

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

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.

Current Year Status:
Not Corrected.

Reason for finding's reoccurrence: Low Staffing

Name(s) of the contact person(s) responsible for corrective action: Evan Douglass, QC/CIP Administrator, Olga Labor Supervisory

Planned completion date for corrective action: TBD no specific date can be provided at this time. For approximately the last 18-24 months BAM has experienced a staffing shortage. Low Pay and High Volume have discourage the natural internal attraction to these positions. The Division is actively recruiting candidates however; they lack previous UI adjudication experience. Reclassifications progress is of this position, it may not be approved. Another option may be to request the incumbents and potential recruits to be paid at 100% midpoint to attract qualified internal and external candidates. Progress is underway, however unless the Division can articulate an expansion of the duties required.

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

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

Current Year Status:
Not Corrected.

Reason for finding's reoccurrence: The previous year experience rating was calculated by staff and administration that is no longer here. It was an automated process that involved a lot of manual validation.

Corrective Action Plan:

The new process has now been moved outside of main frame and done separately via Title 19 rules and then uploaded into MF. The UI program successfully provided an auditable population for calendar year 2025. We addressed the finding for 2024 and made the correction. One error was identified during FY 25 testing which has been substantiated in the response provided for finding 2025-012

Name(s) of the contact person(s) responsible for corrective action: Marie Cameron, Administrator James Priester and Angela Hackett

Planned completion date for corrective action: Corrected during 2025

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

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

Current Year Status:
Not Corrected.

Reason for finding's reoccurrence: The Division continues to experience a high turnover rate compounded by a lack of policy and procedures.

Name(s) of the contact person(s) responsible for corrective action: James Billups, Deputy Director and Michael Soper, Fiscal.

Planned completion date for corrective action: NLT October 1, 2026: The Divsision will review the ETA Handbook No. 336 16th Edition Appendix II to develop procedures to successfully complete the 2208A. Once the procedures are developed, the Division will have the procedures reviewed by USDOL Reg 2; and take all recommendations into consideration. Once accepted, the Division will develop a training plan, conduct and document said training along with instituting a monthly review to ensure the required documentation is retained.

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

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

Current Year Status:
Corrective action was taken.

OFFICE OF THE SECRETARY

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

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

Current Year Status:
Corrective action was taken.

OFFICE OF THE SECRETARY

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

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

Current Year Status:
Not Corrected.

Reason for finding's reoccurrence: Lack of effective oversight.

Name(s) of the contact person(s) responsible for corrective action: James Billups, Deputy Director, Carolyn Parrish, Fiscal Advisor.

Planned completion date for corrective action: NLT October 1, 2026 The Division will ensure all Supervisors has at least one person identified as their delegating official for time cards. In their unexpected absence this will ensure a reviewer can approve timecards in their absence. The Division will determine if timecards approved by Fiscal personnel are causing this discrepancy, even though they have been "verbally" authorized to do so by a competent authority. In addition to this, the staff will be trained to thoroughly review time cards prior to approving them. Lastly, Administrators will review each of their assigned subordinates' timecards to avoid this as reoccurrence.

OFFICE OF THE SECRETARY

4425 MARKET NORTH MARKET STREET • WILMINGTON, DELAWARE • 19802 • LABOR.DELAWARE.GOV

Reference Number:	2024-011
Prior Year Finding:	No
Federal Agency:	U.S. Department of Labor
State Department Name:	Department of Labor
State Division Name:	Division of Unemployment Insurance
Federal Program:	Unemployment Insurance, COVID-19 – Unemployment Insurance
Assistance Listing Number:	17.225
Award Number and Year:	24A55UI000067 (10/1/2023 – 12/31/2026)
Compliance Requirement:	Allowable Cost/Cost Principles – General Disbursements
Type of Finding:	Significant Deficiency in Internal Control Over Compliance, Other Matters

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

Current Year Status:
Not Corrected.

Reason for finding's reoccurrence: The individual directly responsible for this reoccurrence is no longer with the Division, suffice it to say there was not effective oversight over the portion of the program.

Name(s) of the contact person(s) responsible for corrective action: James Billups Deputy Director, Michael Soper, Fiscal.

Planned completion date for corrective action: NLT October 31, 2026, the Division will evaluate its review and approval process to determine where the root cause of this deficiency. Procedures will be enhanced where needed to include applicable online training via NASWA Learning Center. Third party reviews will be conducted to assure supporting documentation is provided and retained prior to approval, along with ensuring the expenditures are within the Period of Performance.

OFFICE OF THE SECRETARY

4425 MARKET NORTH MARKET STREET • WILMINGTON, DELAWARE • 19802 • LABOR.DELAWARE.GOV

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

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

Current Year Status:
Not Corrected.

Reason for finding's reoccurrence: The Division believes the reason for this reoccurrence is that the implementation of the previous corrective action was implemented too late to have an impact on this year.

Name(s) of the contact person(s) responsible for corrective action: James Billups Deputy Director, Michael Soper, Fiscal

Planned completion date for corrective action: NLT October 1, 2026, the Division will review its current policy and procedures to assure the Preparer and the Reviewer are not the same person. It is believed that while transmitting the ETA 9130 (I) critical screenshots are not being captured which showing the Preparer and Reviewer are indeed not the same person. If this is indeed the fact, the procedures will be modified, training will be documented to assure the procedures are being followed.

STATE OF DELAWARE
DEPARTMENT OF FINANCE
DIVISION OF ACCOUNTING
820 SILVER LAKE BOULEVARD
SECOND FLOOR, SUITE 200, (D570C)
DOVER, DELAWARE 19904

FAX: (302) 739-1200 TELEPHONE: (302) 672-5000

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

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

Current Year Status:
Partially corrected.

Reason for finding's reoccurrence: The finding for incorrect obligation amount has since been corrected. For capital project justifications, the finding reoccurred due to inconsistent enforcement of documentation requirements and incomplete submissions from state agencies. Contributing factors included staffing constraints within the ARPA team and turnover at the agency level, which impacted the ability to obtain complete and accurate information, particularly for projects initiated in earlier reporting periods. However, the ARPA team acknowledges that these challenges do not mitigate the responsibility to ensure compliance with Treasury requirements.

Additionally, existing review procedures did not consistently identify incomplete or insufficient documentation prior to reporting, resulting in noncompliant capital project justifications being submitted.

Name(s) of the contact person(s) responsible for corrective action: John Celatka and Greg Sweeney

Planned completion date for corrective action: June 30, 2026

STATE OF DELAWARE
EXECUTIVE DEPARTMENT

Angela Seguin
Executive Director

DOMESTIC VIOLENCE COORDINATING COUNCIL
900 N. King Street, Suite 300
Wilmington, DE 19809

Telephone: 302.255.1700

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

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

Current Year Status:
Corrective action was taken.

STATE OF DELAWARE
DEPARTMENT OF FINANCE
DIVISION OF ACCOUNTING
820 SILVER LAKE BOULEVARD
SECOND FLOOR, SUITE 200, (D570C)
DOVER, DELAWARE 19904

FAX: (302) 739-1200 TELEPHONE: (302) 672-5000

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

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

Current Year Status:
Corrected.

March 12, 2026

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

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

Current Year Status:
Corrective action was taken.

1. **Exploring the use of the Cooperative Purchasing Venture CPVSubscribe2_tcm36-521414.pdf utilized by other state vocational rehabilitation programs;**

In response to the audit finding concerning the procurement of hearing aids for clients served by the Division of Vocational Rehabilitation (DVR), the agency has actively explored alternatives that enhance cost-effectiveness, procurement efficiency, and compliance with state procurement laws. As part of our corrective action, we have submitted documentation to the Office of Management and Budget (OMB) to initiate participation in the **Minnesota Cooperative Purchasing Venture (CPV).**

The CPV, administered by the State of Minnesota, is a multi-state cooperative agreement that offers competitively bid contracts for goods and services—including hearing aids—available to eligible governmental entities and nonprofit organizations across the United States. Our selection of the CPV is supported by the following rationale:

1. **Cost Savings**: The CPV contracts provide access to pre-negotiated pricing with major hearing aid vendors, significantly reducing costs compared to independently procured units.
2. **Scope and Flexibility**: The CPV includes a wide range of vendors and models, which allows DVR to better meet the diverse audiological needs of clients without being restricted to a single vendor.
3. **Streamlined Procurement**: Utilizing an existing cooperative contract expedites the acquisition process, ensuring timely delivery of essential devices that support employment outcomes for individuals with hearing loss.
4. **Compliance and Oversight**: In accordance with 29 Del. C. § 6933 and § 6987, DVR submitted a formal **Cooperative Request Form** to OMB, which includes documentation of market research and legal justification. The request is currently under review by state procurement officials.
5. **Vendor Participation**: Although a specific vendor was not initially selected, DVR intends to access multiple vendors under the CPV umbrella. This ensures flexibility and alignment with individual rehabilitation plans.

Engagement with the Government Support Services and agency counsel for opportunities to access the Volume Purchasing Agreement. Timeline: 90 days;

The Division of Vocational Rehabilitation coordinated with both OMB and the Department of Justice (DOJ), who confirmed that cooperative purchasing is permissible under Delaware law when supported by adequate documentation and formal approval from OMB. A detailed justification memo and vendor contract list have been provided to OMB for consideration, and DVR remains engaged in that process.

These steps demonstrate DVR's proactive approach in responding to the audit finding and our commitment to improving fiscal stewardship while enhancing service delivery for our clients.

Preparing a request for proposal for procurement of hearing aids and related assistive technology.

In response to Audit Finding #3 concerning the procurement of hearing aids and related assistive technology, the Delaware Division of Vocational Rehabilitation (DVR) has taken substantial action to ensure compliance with state procurement laws and improve transparency and value in service delivery.

DVR developed and issued **Request for Proposal (RFP) LAB25428** for the provision of hearing aids and related services, in accordance with 29 Del. C. §§ 6981 and 6982. This procurement is designed to address audit concerns related to vendor selection, service consistency, and cost control.

Key elements of the corrective action and progress made to date include:

1. **RFP Development**
   A comprehensive RFP package has been created, including:
   - A detailed **Scope of Work** aligned with DVR's program goals and participant needs.
   - Defined **device tiers, pricing limits, and service expectations** to standardize offerings and ensure cost-effective procurement.
   - Specific **minimum provider qualifications**, including licensure and insurance requirements, to ensure service quality and compliance.
   - Clearly articulated **evaluation criteria**, including vendor qualifications, service delivery capacity, and cost/value considerations.
2. **Stakeholder Engagement**
   DVR held a **pre-bid vendor meeting** on June 3, 2025, to walk potential providers through the RFP requirements, expectations, and submission process. The meeting allowed for open Q&A and emphasized the importance of high-quality service delivery to support employment outcomes.
3. **Submission Timeline and Milestones**
   - RFP Issuance: May 2025
   - Pre-bid Meeting: June 3, 2025
   - Proposal Deadline: July 25, 2025
4. **Documentation and Transparency**
   DVR has compiled and submitted the full RFP, supporting attachments (including pricing sheets and evaluation questions), and all correspondence to document the procurement process and ensure audit readiness.
5. **Corrective Action Plan Resolution**
   The RFP process was completed in September of 2025. Two vendors were awarded; All About Audiology and Audiology Services Company USA, LLC.

We are confident the Corrective Action Plan has enhanced program integrity, alignment with federal and state procurement expectations, and results in quality, cost-effective services for our clients.

Sincerely,

Elisha Jenkins

Elisha Jenkins

Delaware Health and Social Services

Office of the Secretary - Administration

1901 N. DUPONT HIGHWAY, NEW CASTLE, DE 19720 * TELEPHONE: 302-255-9040 FAX: 302-255-4429

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

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

Current Year Status:
Corrective action was taken.

Delaware Health and Social Services

Office of the Secretary - Administration

1901 N. DUPONT HIGHWAY, NEW CASTLE, DE 19720 * TELEPHONE: 302-255-9040 FAX: 302-255-4429

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

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

Current Year Status:
Corrective action was taken.

Delaware Health and Social Services

Office of the Secretary - Administration

1901 N. DUPONT HIGHWAY, NEW CASTLE, DE 19720 * TELEPHONE: 302-255-9040 FAX: 302-255-4429

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

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

Current Year Status:
Not Corrected.

Reason for finding's reoccurrence:
The Division reviewed and updated its T&E procedures and controls to ensure all federal reporting requirements were met. However, full implementation of the corrective actions overlapped into the current audit period.

The following actions has been taken to improve the current process.

- The Fiscal unit is implementing procedures to serve as the central repository for all Time and Effort records, replacing the current practice of storing these forms at the program manager's level.
- Implement internal controls for Time and Effort Reporting.
- Confirm that T&E information submitted is accurate and reconciled.
- Provide training for Time & Effort certification.

Name(s) of the contact person(s) responsible for corrective action:
Joanne Sunga – Fiscal Administrator
Tracey Rogers-Mitchell – OSEC DSS Chief of Administration
Secil Onat – DSS Chief of Administration

Planned completion date for corrective action:
June 30, 2026.

Delaware Health
and Social Services

Office of the Secretary - Administration

1901 N. DUPONT HIGHWAY, NEW CASTLE, DE 19720 * TELEPHONE: 302-255-9040 FAX: 302-255-4429

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

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

Current Year Status:
Not Corrected.

Reason for finding's reoccurrence:
The Division of Social Services partners with the Department of Education, Office of Child Care Licensing to license and monitor child care programs and professionals. The Office of Child Care Licensing began developing its new data system for licensed child care programs in November 2025. The new data system has not yet launched. Reporting will operate effectively in the new data system to ensure that documentation of providers' compliance with health and safety requirements is maintained and readily available for audit.

Name(s) of the contact person(s) responsible for corrective action:
Caitlin Gleason – Department of Education Associate Secretary, Early Childhood Excellence

Planned completion date for corrective action:
Between July 1, 2026 and July 1, 2027, based on new data system completion and launch.

Delaware Health and Social Services

Office of the Secretary - Administration

1901 N. DUPONT HIGHWAY, NEW CASTLE, DE 19720 * TELEPHONE: 302-255-9040 FAX: 302-255-4429

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

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.

Current Year Status:
Corrective action was taken.

Delaware Health and Social Services

Office of the Secretary - Administration

1901 N. DUPONT HIGHWAY, NEW CASTLE, DE 19720 * TELEPHONE: 302-255-9040 FAX: 302-255-4429

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

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

Current Year Status:
Not Corrected.

Reason for finding's reoccurrence:
The Division not provide the proper follow-up to ensure the audits were obtained and posted for each MCO.

DMMA will ensure each MCO has an audit, will obtain copies of the audit, and will post the results of the audit on the website.

Name(s) of the contact person(s) responsible for corrective action:
Colleen Yezek, Chief of Admin. MCO Ops.
Donna O'Hanlon, Soc. Service Sr. Admin.

Planned completion date for corrective action:
September 2026

Delaware Health and Social Services

Office of the Secretary - Administration

1901 N. DUPONT HIGHWAY, NEW CASTLE, DE 19720 * TELEPHONE: 302-255-9040 FAX: 302-255-4429

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

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

Current Year Status:
Not Corrected.

Reason for finding's reoccurrence:
The Division used PECO to certify credentialing for enrollment of providers; the system lacked documentation to fully support provider licensing requirements.

DMMA will review the process of storing all data for provider's screening and credentialing information. In addition, when a provider enrolls or revalidates into DMAP, they will be required to submit updated credentials and license information.

Name(s) of the contact person(s) responsible for corrective action:
Mei Johnson, Chief of Admin. IT Unit

Planned completion date for corrective action:
September 2026

Delaware Health and Social Services

Office of the Secretary - Administration

1901 N. DUPONT HIGHWAY, NEW CASTLE, DE 19720 * TELEPHONE: 302-255-9040 FAX: 302-255-4429

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

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

Current Year Status:
Not Corrected.

Reason for finding's reoccurrence:
The Division evaluated the current process, implemented controls, and performed time and effort process reporting for compliance. The finding reoccurred due to timeliness instead of compliance due to workload balancing and continuing to solidify the new process.

The Division is continuously working to improve the process for efficiency and timeliness.

Name(s) of the contact person(s) responsible for corrective action:
Brook Meadow, Fiscal Administrator II, Office of the Secretary Administration

Planned completion date for corrective action:
June 30, 2026

Delaware Health and Social Services

Office of the Secretary - Administration

1901 N. DUPONT HIGHWAY, NEW CASTLE, DE 19720 * TELEPHONE: 302-255-9040 FAX: 302-255-4429

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

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.

Current Year Status:
Not Corrected.

Reason for finding's reoccurrence:
During the audit period, the Division followed existing FFATA reporting practices that were based on prior understanding of reporting requirements; however, the procedures in place were not sufficiently formalized to ensure consistent identification, tracking, and timely submission of all reportable subawards in SAM.gov. The Division did not maintain a centralized tracking mechanism or documented secondary review control to verify that all first-tier subawards meeting the FFATA reporting threshold were reported within required timeframes.

As reporting requirements and system processes have evolved, the Division determined that additional internal controls were necessary to ensure consistent compliance. The absence of a formal tracking log and documented review process contributed to the finding recurring in the current audit period.

The Division has since implemented enhanced monitoring procedures, including a standardized FFATA tracking log, secondary review controls, and coordination between fiscal and program staff to ensure all qualifying subawards are reported accurately and timely in SAM.gov going forward.

Name(s) of the contact person(s) responsible for corrective action:
Sherry Szczuka – Deputy Chief Program Integrity

Planned completion date for corrective action:
April 1, 2026

Delaware Health and Social Services

Office of the Secretary - Administration

1901 N. DUPONT HIGHWAY, NEW CASTLE, DE 19720 * TELEPHONE: 302-255-9040 FAX: 302-255-4429

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

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.

Current Year Status:
Not Corrected.

Reason for finding's reoccurrence:
This finding reoccurred due to insufficient tracking and monitoring controls over FFATA reporting requirements during the reporting period. While procedures were in place, the Division identified that the existing process did not include adequate secondary review to ensure that all qualifying subawards of $30,000 or more were reported to FSRS within the required timeframe.

During the current year, the Division evaluated its FFATA reporting process and determined that additional formalized tracking and supervisory review were necessary to ensure compliance. As a result, the Division has implemented updated procedures, including centralized tracking of all subawards subject to FFATA reporting, documentation of reporting due dates, and periodic review to confirm that all required reports have been submitted.

In addition, staff responsible for grant reporting have received refresher training on FFATA requirements, and management oversight has been increased to monitor compliance on an ongoing basis. These corrective actions are intended to prevent recurrence of the finding and ensure that all required subaward reports are submitted accurately and timely going forward.

Name(s) of the contact person(s) responsible for corrective action:
Amy Herb – Chief of Grant Operations

Planned completion date for corrective action:
April 1, 2026

Delaware Emergency Management Agency

STATE OF DELAWARE | DEPARTMENT OF SAFETY AND HOMELAND SECURITY

ADDRESS

165 Brick Store Landing Road
Smyrna, Delaware 19977

PHONE

302-659-DEMA (3362)

STAY CONNECTED

DelawareEMA

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

Condition:
DEMA did not report subaward information to FSRS timely during FY2024.

Current Year Status:

Corrective action was taken.

Delaware Emergency Management Agency

STATE OF DELAWARE | DEPARTMENT OF SAFETY AND HOMELAND SECURITY

ADDRESS

165 Brick Store Landing Road
Smyrna, Delaware 19977

PHONE

302-659-DEMA (3362)

STAY CONNECTED

DelawareEMA

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

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

Current Year Status:

Corrective action was taken.