Audit Report Highlights

County Council: ARPA Community Grant Audit **November 2025**

County Council ARPA Community Grant Program[1] = $66,000,000 **County Annual Budget[2] = $1.6 billion**

Why DIA Did This Audit



An audit was conducted to provide a comprehensive assessment of the County Council's ARPA Community Grant Program. The audit was included in the DIA's 2025 Audit Plan.

County Council was identified as an area to audit due the high level of public interest in the community grants, which elevated its risk rating during the annual risk assessment process. We conducted our review through inquiry and testing of grant expenditures, as well as a review and evaluation of procedures, practices, and controls as deemed necessary.

What DIA Found

The County Council ARPA Community Grant Program was generally well managed. However, DIA identified instances of non-compliance with grant agreements, internal control weaknesses, and opportunities for process improvement in the following areas:

- Two projects were completed, but not all grant funds were expended by the recipient, totaling $48,160.
- Two instances where grant funds may not have been used in accordance with the terms of the grant agreements, totaling $31,882.
- Noncompliance with annual or project completion reporting requirements outlined in the grant agreements.
- Absence of formal policies and procedures to guide the administration of the grant program.

Recommendations have been rated by priority: High, Moderate, Low, or Business Process Improvement.
The report contains 6 recommendations:

1 ***High*** *– 30 days to complete*
3 ***Moderate*** *– 90 days to complete*
0 ***Low*** *– 180 days to complete*
2 ***Process Improvements-*** *No action required*

DIA tested 60 of 307 projects awarded at the time of the audit.

[1] *Based on agreement with County Executive to split $86M of ARPA funds into Community Grant Fund*
[2] *The County Annual Budget includes operating appropriations from all County funds.*

Audit Report Highlights

County Council: ARPA Community Grant Audit **November 2025**

Background

County Council is the legislative branch of Cuyahoga County government. Council is made of 11 elected representatives from each County Council District. County Council has a staff of 10 which assist in the performance of their duties.

In 2022, it was agreed that County Council and the County Executive would establish a Community Grant fund of $86 million. $66 million would be distributed by County Council ($6 million from each councilmember). The remaining at the discretion of the County Executive.

Each grant award required an application, grant agreement, and approval by the whole of County Council after three readings.



What DIA Recommended

DIA provided County Council staff with recommendations to strengthen controls over the ARPA Community Grant Program, as well as similar programs that may be implemented in the future. DIA recommendations are provided during the audit allowing the department opportunity to remedy identified issues in a timelier manner.

County Council staff began working to resolve issues identified in this report during the audit. Based on their responses and actions, we believe corrective action have been or will be taken to mitigate the risks noted. Management responses follow each recommendation in the report.

DIA's recommendations to County Council and staff included, but were not limited to:

- Consistently requesting and reviewing detailed supporting documentation from award recipients.
- Evaluating identified exceptions and determining appropriate corrective actions.
- Following up with award recipients annually to obtain required annual or project completion reports, as outlined in grant agreements.
- Ensuring that, should a similar program be implemented in the future, adequate resources are allocated for effective monitoring, and formal written policies and procedures are developed and implemented.

Internal Audit would like to express our appreciation for the cooperation and assistance received from the County Council and staff during this audit. The strides made help improve the County's efficiency and accountability.

Internal Audit Report

Cuyahoga County, Ohio
Department of Internal Auditing

ARPA Community Grant Audit
Cuyahoga County Council
January 1, 2022- June 30, 2025

Director of Internal Auditing: Cory Swaisgood, CPA, CIA

Audit Manager: Joshua Ault, CIA

Sr. Internal Auditor: Jeremy Hejnal, CIA, CFE

Staff Auditor: Tiana Stringer

Release Date: 12/18/2025

INTERNAL AUDIT REPORT
ARPA Community Grant Audit
Cover Letter

November 18, 2025

To: Council President Dale Miller, Cuyahoga County Council, and current management of Council Staff,

The Department of Internal Auditing (DIA) has conducted an audit of County Council's ARPA Community Grant for the period January 1, 2022 - June 30, 2025.

The Report Details section of this report provides the objective, scope, and methodology. This report also includes our findings and recommendations. We are confident management of the program has or will take corrective action to mitigate the risks identified in this audit report.

We conducted this audit in accordance with the Global Internal Audit Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Because of the inherent limitations of internal controls, errors or irregularities may occur and not be detected. Also, projection of any current evaluation of the internal control structure to future periods is subject to the risk that procedures may become inadequate due to changes in conditions, or that the degree of compliance with the procedures may weaken.

DIA would like to express our appreciation to County Council and staff that assisted throughout the process for their courtesy and cooperation during this audit. A draft report was provided to management for review. Management responses are included within the audit report.

Respectfully,

Cory A. Swaisgood

Cory Swaisgood, CPA, CIA
Director of Internal Auditing

Cc: Audit Committee
Richard D. Manoloff, Law Director
Michael C. O'Malley, Cuyahoga County Prosecutor

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Glossary

ARPA	American Resuce Plan Act. Funds received from the Federal Government as part of the stimulus bill signed in 2021 to address the COVD-19 pandemic. *See Background section for more information on the ARPA program as it relates to the funding source of Council's ARPA Communicty Grant Program.*
Award recipients	Entities that received grant funds from County Council.
Lawson	County financial system.

Report Details

Purpose

The purpose of this audit was to conduct an examination of County Council's ARPA Community Grant program.

The Audit Committee approved DIA's 2025 audit plan to include an audit of County Council's ARPA Community Grant program. County Council was identified as an area to audit due to never having been audited before and the amount of public interest in the ARPA Community Grant program. We conducted our review through inquiry and testing of disbursements.

The audit included review and evaluation of procedures, practices, and controls as deemed necessary.

Audit Objectives

The objectives of this audit were the following:

- Ensure compliance with funds awarded to recipients through County Council's ARPA Community Grant program.
- Assess project performance and community impact.

Scope

To achieve our objectives, we focused on compliance with requirements of the Council ARPA Community Grant program and any tracking of community impact of awards for the audit period January 1, 2022 - June 30, 2025.

Methodology

DIA made inquiries to gain a general understanding of Council's ARPA Community Grant program processes, including application procedures, required documentation, award protocols, and follow-up practices on an annual or project completion basis.

For a sample of awards, DIA performed the following:

- Verified that a completed application, signed agreement, and approved Council resolution were on file, and that the agreement and resolution reflected the approved award amounts.

- Confirmed that the award expense was accurately posted to Lawson in a reasonable accounting unit.
- Reviewed if Council staff obtained an annual report or completed project report from the award recipient.
- Contacted award recipients to obtain supporting documentation for the use of awarded funds, and compared the expenditures to the grant agreement to ensure funds were fully spent and aligned with the intended program/project.
- Requested updates from the award recipients on the projects' community impact (e.g. population served, job-creation, environmental outcomes, and support for low-income individuals) and compared this information to the initial application.

Audit Procedures

Although every audit conducted by the DIA is unique, the audit process for most engagements consists of the following three phases:

- Planning – Obtaining sufficient understanding of the area being audited to identify and reduce key audit risks to an appropriate level.
- Fieldwork – Executing the audit steps including testing, reviewing, and analyzing data. See Methodology for a summary of fieldwork performed.
- Reporting – Draft and release of written reports to communicate the results of each engagement.

At the time of the report's release, DIA required 2 auditors and a total of 507 hours to complete the audit.

Background

The Cuyahoga County Council is the legislative body of the Cuyahoga County government, with 11 elected representatives from each district across the County.

The County received approximately $239 million from the Federal Government through the American Rescue Plan Act (ARPA). These dollars were classified as loss revenue under the U.S Department of the Treasury Final Rule and used to offset General Fund expenses during the pandemic. It was determined that $86 million of General Fund dollars would be allocated by County Council and the County Executive for community grants. County Council was authorized to award $66 million in grants ($6 million in each Council District). At the start of the audit, approximately $761,000 was not yet awarded.

The table on the following page shows the number of awards given by each Council District as of beginning of audit:

District	Number of Awards *
1	17
2	14
3	46
4	3
5	8
6	28
7	44
8	44
9	86
10	36
11	48
Total	**374 (307 unique awards)**

**Multiple Council districts contributed funds to the same award in some cases.*

County Council has a staff of ten which assists in gathering and preparing information, providing legal and budgetary assistance, and preparing agendas and minutes for meetings.

Commendable Practices

We commend and thank the County Council for their cooperation during the audit. DIA especially thanks all the Council staff for their time and effort. DIA identified the following commendable practices during its testing:

- Use of standard applications and agreements for all award recipients.
- County Council's approval process required three readings for each award.
- Accurately tracking award expenditures by Council district.
- Developing a standard Annual Report template to be sent to award recipients.

Priority Level Criteria for Recommendations

High **(P1)**	**Highest-Ranking Officer's immediate attention** is required. Corrective action is strongly recommended (30 days).
	• Financially material loss or potential loss – 7% of budget of function under review • Lack of or failure of internal controls requiring considerable time and resources to correct • Non-compliance with laws, regulations, and policies resulting in significant loss of funds, fines, or restrictions • Significantly negative effect on the County's reputation or public perception
Moderate **(P2)**	**Senior Management's attention** is required. Corrective action is recommended (90 days).
	• Financial loss or potential loss • Internal controls exist but they are not effective, or they are not consistently applied • Non-compliance with laws, regulations, and policies resulting in loss of funds, fines, or restrictions • Negative effect on the County's reputation or public perception
Low **(P3)**	**Management's attention** is required. Corrective action is recommended (180 days).
	• Financial loss or potential loss is minimal • Internal controls exist, but could be improved • Non-compliance with laws, regulations, and policies is a minimal risk • No effect on the County's reputation or public perception
Business Process Improvement **(P4)**	**Management or supervisory attention** recommended but not required
	• Process improvement recommendation • Financial loss or potential loss is minimal or not applicable • Non-compliance with laws, regulations, and policies is a minimal risk or not applicable • No effect on County's reputation or public perception

In an effort to assist the auditee in making the best use of their resources, we have prioritized the recommendations according to the table above.

Findings and Recommendations

FINDING Unspent Funds and Questionable Costs

DIA reviewed supporting documentation, including invoices and bank statements, for 60 awards out of a total of 307 awarded. Our objective was to verify that funds were spent in accordance with the terms outlined in each award agreement. Based on our review, we identified the following exceptions.

Unspent Funds on Completed Projects

Two recipients (3%) reported that projects were completed but did not fully expend the County-awarded funds, resulting in a variance of **$48,160**:

	Amount Awarded	Amount Spent	Variance
1	$225,000	$200,490	$24,510
2	$250,000	$226,350	$23,650
		Total	**$48,160**

Inconsistent Costs on Completed Projects vs. the Award Agreement

Expenses appeared inconsistent with the terms of the award agreements (or applications) for two recipients (3%), totaling **$31,882** in questionable costs:

	Amount Awarded	Questionable Expenses	Detail
1	$47,280	$5,000	Payments issued as bonuses instead of salary
2	$130,000	$26,882	Funds allocated to tennis courts rather than baseball fields
	Total	**$31,882**	

Criteria

Effective monitoring is essential to ensure grant funds are used in accordance with award terms and that program objectives are achieved. The Council ARPA Community Grant program award agreements required:

1) Section 3: *"Recipient agrees its Award shall not be used to pay for costs outside of those listed on the application submitted to the County requesting ARPA funding for the Project".*
2) Section 9: *"If at the end of the term the Recipient has not spent all of the Award on the Project, the Recipient shall return the remaining fund to the County".*

Root Cause

Council staff did not require detailed submission of invoices or other financial information supporting the exact usage of award funds.

Risk to the County if Not Corrected

The absence of required documentation - such as detailed invoices, checks, or bank statements - limits the County's ability to verify whether funds were used in accordance with the project agreement and application. This lack of oversight increases the risk of noncompliance and potential misuse of funds

Recommendations:

1. Following review of annual and final award reports, council staff should investigate any instances where awarded funds were not fully spent on completed projects or where questionable costs are identified. Appropriate corrective actions may include:
    a) Requesting additional supporting documentation.
    b) Reclassifying unspent funds to support another eligible project or to expand the scope of the existing project, with Council approval.
    c) Recovering questioned or unused funds by requiring their return to the County.

Priority Rating: **P2 - Moderate**

Management's Response:

Agreed – we are going to modify the annual report so the entity receiving these dollars must be clear if there are any unspent funds. As shown from some prior awards, we have had unused funds returned to the County and other unused funds repurposed for other expenditures by legislation.

Target Date of Completion: Immediately

2. Since award agreements require recipients to maintain and provide supporting documentation, this requirement should be formally integrated into the annual reporting review process to ensure consistent compliance and effective oversight.

Priority Rating: **P2 - Moderate**

Management's Response:

Agreed – the current annual report does request supporting documentation. However, when we request the annual reports, we will make it clear that entities must submit backup documents.

Target Date of Completion: Next Round of Annual Reports.

3. Council should follow up with unspent funds and questionable costs identified by DIA.
    - Unspent funds should be returned to the County or Council action to amend the award.
    - If expenses are deemed ineligible, initiate corrective actions, which may include repayment or Council action to amend the award.

Priority Rating: **P1 - High**

Management's Response:

Agreed – we already do this. We already have had some funds returned to the County. We have amended existing legislation to authorize additional uses. We will do the same in these instances. As we indicated in our meetings, we were already working with the one receipt on this.

Per our conversation, regarding the bonuses vs. salary, this is a fine line, but we will try and make it clearer if this were to happen again. Regarding the tennis courts, although it's still recreational – this will be corrected via legislation.

Target Date of Completion: Early 2026

FINDING Noncompliance with Reporting Requirements

DIA performed testing on 60 awards out of a total of 307 awarded. 55 of those projects were either completed or had funds disbursed at least one year prior to our testing date. Although Council staff developed a standardized reporting template for award recipients, 17 of the 55 recipients (31%) had not submitted the required annual or project completion reports, as outlined in their contracts.

Criteria

Section 4 of the project award agreements between Cuyahoga County and the award recipients state:

> *"Recipient shall provide annual reports to the County on the status of the Project and provide detailed documentation of all expenditures made from the Award as of the date of the submission of the annual report. The report shall be due one year from the date of the disbursement of funds from the County to the Recipient or upon completion of the Project whichever is earlier."*

Root Cause

Council lacked dedicated staff assigned to track and monitor the volume of awards given.

Risk to the County if Not Corrected

Failure to receive annual or completion reports from award recipients constitutes non-compliance with the project award agreement. Without proper oversight, there is an increased risk of funds being used for unallowable expenses or projects not being completed as intended.

Recommendations:

1. Council staff should contact award recipients annually to distribute the required reporting template. They should also follow up as necessary to ensure all required reports are submitted. If recipients fail to respond or comply, Council should consult with the Law Department to consider pursuing the return of awarded funds.

Priority Rating: **P2 – Moderate**

Management's Response:

Council ended up receiving all of the audited entities' annual reports before the audit was completed. Moving forward at the end of each calendar year, we will send out an email to those who haven't submitted a report like we did in 2024. After that annual email, follow up emails will happen on a quarterly basis. If we don't receive annual reports we will consult with the Law Department.

Target Date of Completion: End of the calendar year / quarterly.

2. Should a similar program be implemented in the future, Council should ensure that adequate resources (particularly staffing) are allocated to support effective monitoring of awards.

Priority Rating: **P4 - Process Improvement**

Management's Response:

Agreed – if something of this scope were to happen again, additional resources would be required.

FINDING Lack of Program Specific Policies and Procedures

Council staff followed County procurement procedures to gather the necessary documentation and created standardized templates for grant applications, agreements, and reports. However, the County Council's ARPA Community Grant program did not have formally established policies and procedures in place to ensure consistency and provide clear guidance throughout the grant process.

Criteria

Written policies and procedures are essential for ensuring operational effectiveness, efficiency, and regulatory compliance. They also help reinforce management's expectations and promote consistency in employee performance.

Root Cause

This was the first grant program of its nature established and administered by County Council. Additionally, the program was not anticipated to be repeated.

Risk to the County if Not Corrected

The absence of written internal guidance increases the risk of inconsistent operations and grant monitoring.

Recommendations:

1. Should a similar program ever be enacted in the future, Council staff should create written policies and procedures that include but are not limited to:
    - Application process;
    - Approval process;
    - Disbursal of monies;
    - Reporting or follow-up of usage of awards;
    - Award closeout procedures;
    - Metrics for tracking community impact for the program.

Priority Rating: **P4 - Process Improvement**

Management's Response:

Although there were no WRITTEN policies and procedures, every applicant followed the same process. Although not written, Council had a policy and procedure from the beginning of an application all the way through when the end of the process when annual reports were due.

It's important to note that every applicant received the same written email on how to fill out the application and what other documents were required as part of the process. The application was the exact same for every single applicant. That in itself is a written policy and procedure.

Although something like this again is unlikely moving forward, if it were to happen, we will formalize the process in a written format.