



**Mayor's Office of Recovery Programs
- Effectiveness Of Controls Over
ARPA Expenditures and Subrecipient
Monitoring**

**Biennial Performance Audit for Fiscal
Years Ended June 30, 2023 and 2022**

Josh Pasch, City Auditor

November 4, 2025



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Office of the Comptroller

Josh Pasch, City Auditor

100 N. Holliday St., Room 321
Baltimore, Maryland 21202

Honorable Bill Henry, Comptroller
and Other Members
of the Board of Estimates
City of Baltimore

EXECUTIVE SUMMARY

The Departments of Audits (DOA) conducted a *Biennial Performance Audit of the Mayor's Office of Recovery Programs for the Fiscal Years Ended June 30, 2023 and June 30, 2022*. The objectives of our performance audit were to assess: (i) the effectiveness of controls over American Rescue Plan Act (ARPA) expenditures; and (ii) the effectiveness of Mayor's Office of Recovery Programs' (MORP) and City agency controls over subrecipient monitoring. The scope of our audit is for the periods of Fiscal Year (FY) 2023 and FY 2022. However, we extended the scope to FY 2025. We verified that \$641,170,126 was obligated before the December 31, 2024 deadline as required by ARPA.

Our audit concluded that MORP had effective controls over ARPA expenditures and subrecipient monitoring. Furthermore, the MORP succeeded in obligating all ARPA funding by the December 31, 2024 deadline. This task involved: (i) assessing all agreements and spending prior to this date; and (ii) amending agreements based on past performance and future plans to guarantee to the greatest degree possible that the expenditure of funds by December 31, 2026 would be achievable.

The audit, however, revealed three opportunities for the City of Baltimore (the City) to strengthen controls over expenditures and documentation in Workday. Specifically, the DOA identified duplicate payments for four invoices in FY 2023 and 2024 totaling \$339,969.06. The duplicate payments were made by four agencies who had interagency agreements with MORP for use of ARPA funding.

- For three of the invoices totaling \$338,569.06, the overpayments were detected by the agencies involved through expenditure tracking processes they were using. One agency recovered the funds through a cash payment from the vendor while the other two recovered the funds by offsetting against future invoices. In all three cases, the recovery of funds was not properly documented in the City's financial system Workday. In the case of cash recovery, it took approximately two and a half years to properly record the transaction. This resulted in an overstatement of

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expenditures in FY 2023 of \$282,722.58 and will cause an understatement in FY 2026 by the same amount. In the other two cases, it resulted in a lack of transparency as the duplicate payment was not reversed and the invoices that were used to offset the duplicate payment were not recorded in Workday.

- The fourth overpayment of \$1,400 was detected during the audit and the agency is currently working with the vendor to recover the funds.

Although this finding was for four duplicate payments for four agencies, the duplicate payment risk is applicable to all agencies. There is an increased risk of overpayments from all city funds, reducing available cash. Additionally, these errors take a considerable amount of time to correct.

Additionally, we observed that Workday currently attaches all documents related to a grant award at the award level. With the size of the ARPA grant, this resulted in over 200 items attached to this one award which has over 100 award lines. For documentation purposes, it would be beneficial to attach items at the award line level as this would make it easier to find contracts and amendments in the system.

To strengthen controls over expenditure and documentation in Workday, we recommend the City implement the recommendations made in this report. The management responses are included in Appendix I on page 12.

There were no prior findings that required follow-up. This is the first time that MORP is audited.

We wish to acknowledge the City Administrator's Office, Department of Finance (DOF)'s and MORP's cooperation extended to us during our audit.

Respectfully,



Josh Pasch, CPA
City Auditor, City of Baltimore
November 4, 2025

BACKGROUND INFORMATION

American Rescue Plan Act and the Mayor's Office of Recovery Programs

The ARPA provided significant funding to various sectors and entities across the United States to address the impacts of the COVID-19 pandemic. The process of distributing and managing these funds typically involved a set of standards and operating procedures that ensured transparency, accountability, and effective use of taxpayer dollars. The U.S. Department of the Treasury (Treasury) issued guidance documents outlining the eligibility criteria, application procedures, allowable uses of funds, reporting requirements, and compliance standards for the ARPA funding. Based on this guidance, eligible entities including state governments, local governments, tribal governments, and nonprofit organizations submitted application for funding.

The City's application was approved, and the City was notified that it would receive \$641,170,126 in ARPA funding. Disbursement to the City came in two fully advanced tranches: May 2021 and June 2022. To manage these monies, an Operating Expenditures (Fund 4001) and a Capital Expenditure (Fund 9901) account were created.

The City established MORP in July 2021 to administer all aspects of the ARPA funding which includes reporting to the federal government and the public. According to the budget book, all MORP funds were appropriated in FY 2022 budget and will be carried forward until fully spent.

Grant Agreement Terms and Conditions

There was no formal grant agreement executed between the Treasury and the City. Instead, the Treasury's Final Rule and subsequent amendments served as the de facto contract, outlining the terms and conditions of the grant. Some of the key conditions included:

- **Monitoring of Grant Funds:** The City is required to monitor the use of ARPA funds to ensure compliance with the conditions set forth in the Final Rule and other applicable federal regulations.
- **Treasury Oversight:** The Treasury retains the right to conduct monitoring activities, which may include: (i) financial audits; (ii) site visits; and (iii) programmatic performance reviews.
- **Reporting Requirements:** The City must submit regular financial and programmatic reports to the Treasury. These reports provide details on: (i) the use of ARPA funds; (ii) program outcomes; (iii) challenges or issues encountered. The required reports include: (i) Annual Recovery Plan Performance Report; and (ii) Quarterly Project and Expenditure Reports.

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In addition, MORP submits monthly reports to the Baltimore City Council.

The City has implemented a robust process for the preparation, internal review, approval, and timely submission of all required reports to ensure compliance and transparency.

The Final Rule and amendments require that all funds be obligated by December 31, 2024 and fully expended by December 31, 2026.

OBJECTIVES, SCOPE, AND METHODOLOGY

We conducted our performance audit in accordance with *Generally Accepted Government Auditing 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. The objectives of our audit were to assess: (i) the effectiveness of controls over ARPA expenditures; and (ii) the effectiveness of MORP and City agency controls over subrecipient monitoring.

The scope of our audit is for the periods of FY 2023 and FY 2022. However, we extended the scope to FY 2025. We verified that \$641,170,126 was obligated before the December 31, 2024 deadline as required by ARPA.

To accomplish our objectives, we:

- Interviewed key individuals from MORP and conducted walkthroughs to obtain an understanding of the ARPA program;
- Identified the related risk and evaluated the design of certain internal controls, processes and procedures relating to verifying allowability of expenditures and monitoring subrecipient expenditures;
- Review contracts with subrecipients;
- Judgmentally selected 45 samples from FY 2023 non-payroll expenditures to: (i) validate whether the expenditures are approved, allowable and in compliance with the grant agreement / contract and cost occurred during the period of performance;
- Judgmentally selected 37 samples from FY 2023 payroll expenditures to validate that payroll expenditures were approved and related to the grant activity;
- Judgmentally selected 30 subrecipients to review awarded contracts and subrecipient monitoring;
- Reviewed all sales invoices in FY 2024 to identify duplicate payments;
- Traced all obligations to signed contracts or administrative expenditures to confirm that City obligated funds by December 31, 2024 deadline;
- Tied all FY 2023 and FY 2024 expenditures to the reports submitted to Treasury and Federal Clearing House for Single Audits;
- Reviewed and analyzed documents that were not limited to the following: (i) MORP's policies and procedures; (ii) ARPA Final Rule; (iii) Financial and Performance reports to Treasury, and City Council; (iv) Subrecipients reporting to MORP; (v) MORP'S monitoring reports of subrecipients; (vi) subrecipient award contracts and amendments; and (vii) Workday invoices and approvals that related to the audit objectives.

FINDINGS AND RECOMMENDATIONS

Finding I: Audits Continue to Identify Duplicate Payments in Workday.

Based on the review of all sales invoices paid by ARPA in FY 2024 and the selected sample of 45 invoices in FY 2023, we identified four duplicate payments totaling \$335,969.06 (see Table I on page 7). The four duplicate payments were for: Baltimore City Information Technology (BCIT), Baltimore City Health Department (BCHD), Baltimore City Recreation and Parks (BCRP), and Mayor's Office of Homeless Services (MOHS).

- The BCHD and BCRP have a list to track payments, and they self-identified the duplicate payments. The BCHD recovered a refund check. The BCRP offset the duplicate payment against the future payment.
- The MOHS working with the vendor identified a discrepancy in the payments. The vendor identified the discrepancy was due to the duplicate payment. The MOHS started tracking payment beginning January 18, 2024 to identify duplicates. The MOHS duplicate payment was offset against a future invoice.
- The BCIT is currently resolving the duplicate payment issue with the vendor. During the audit, BCIT implemented procedures to identify potential duplicate payments in August 2025.

Although this finding was for four duplicate payments for four agencies, the duplicate payment risk is applicable to all agencies. There is an increased risk of overpayments from all city funds, reducing available cash. Additionally, these errors take a considerable amount of time to correct.

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Table I

Summary of Four Identified Duplicates

No.	Agency	SINV	Supplier’s Invoice Number	Invoice Initiator ¹	Invoice Date in Workday Invoice Date Field	Invoice Date on Attached Invoice	Date of Payment	Amount (rounded)	Grant
1	BCHD	SINV-00039369	1022PO002805	Vendor	12/15/2022	11/5/2022	12/16/2022	\$282,723	GRT000755 HLT FY 22 ARPA Health Response
		SINV-00039903	SINV-00039903	Agency	12/16/2022	11/5/2022	12/21/2022	282,723	
2	BCIT	SINV-00113944	23100-24 ¹	Vendor	10/10/2023	10/10/2023	12/12/2023	1,400	GRT000757 OED ARPA Broadband
		SINV-00113945	23100-24 ²	Vendor	10/10/2023	10/10/2023	12/21/2023	1,400	
3	BCRP	SINV-00151264	EST 19, JAN 24, BD39861	Agency	2/21/2024	2/21/2024	3/12/2024	48,168	GRT0001581 ARPA BCRP Paygo Capital
		SINV-00153061	EST19 JAN 24, BD39861	Agency	2/21/2024	2/21/2024	3/19/2024	48,168	
4	MOHS	SINV-00143045	62618365	Agency	9/28/2023	9/28/2023	2/15/2024	3,660	GRT001052 MOHS-Housing Navigation and Landlord Engagement
		SINV-00143027	62618365 ¹	Agency	9/22/2023	9/28/2023	2/16/2024	3,660	

Note: ¹ Effective September 30, 2024, DOF started reinforcing that operating invoices should be uploaded by suppliers only and capital invoices should be integrated through Unifier, which is software used by the City to track capital projects.

The cause of the duplicate payments is because Workday did not flag the duplicate invoices. As shown in Table I above, the supplier's invoice numbers are different. Invoices for duplicate payments number 2, 3 and 4 have slightly different invoice numbers (see yellow highlights in Supplier's Invoice Number column). In the first duplicate, when the agency uploaded the invoice, they entered the SINV number rather than the supplier's invoice number in the field. At the time of the duplicate payment, MOHS and BCIT did not have a process to track payments to identify duplicates.

While relying on automated system flags can save time, manual review techniques are also important, especially when new automated systems are being implemented.

Recommendation I: We recommend that the Director of DOF collaborate with BCIT to develop solutions to reduce the risk of duplicate payments. Workday solutions may include, but are not limited to the following:

- Confirming the Workday "Invoice Date" field matches the attached invoice;
- Flagging all invoices with same amount, supplier, and supplier's invoice date in Workday;
- Creating a Workday report of invoices by supplier, including the invoice date, number, and amount; and
- Requiring agencies to review the Workday report monthly to identify payments which may have been duplicates.

Finding II: Recovered Duplicate Payments Are Not Recorded in the Financial Accounting System.

Recording errors were identified for recoveries and offsets from the three duplicate payments discussed in Finding 1. Specifically,

Baltimore City Health Department

A duplicate payment was made and immediately identified in January 2023. The BCHD recovered the duplicate payment in January 2023 and May 2023. Based on DOF's direction, BCHD posted the check recovery as a Cash Sale¹, which is automatically posted as revenue. A journal entry should have been completed to reduce the grant expenditure and reverse the revenue posted. In September 2023, Bureau of Accounting and Payroll Services canceled the cash sale and replaced it with customer payment², which was also recorded the refund as revenue. In August 2025, when DOA questioned BCHD about the reimbursement for the duplicate payment, it was discovered that the original expenditure was never reversed. The DOF then: (i) investigated the status of the entry, (ii) cancelled the customer payment from September 2023, and (iii) replaced it with a cash slip crediting miscellaneous revenue. In September 2025, BCHD prepared a journal to reduce the expenditures reversing the duplicate payment.

This process took close to two and a half years. It resulted in an overstatement of expenditures by \$282,722.58 in the FY 2023 Schedule of Expenditures of Federal Awards (SEFA)³ and will cause an understatement in FY 2026 by the same amount.

The overpayments were applied to future invoices. However, the future invoices were not documented in Workday. For example, for BCRP, the duplicate payment was offset as shown in Table II on page 10.

¹A cash sale is used to record monies that are collected which were not billed or invoiced.

² A customer payment is used to record monies against an existing customer's account. They normally are applied to an invoice that was already billed and recognized as revenue to write off the receivable created at time of invoice.

³ The SEFA is a financial report that is required to be submitted to the Federal Clearing House when federal expenditures exceed a certain threshold. The SEFA is audited annually as part of the Single Audit process. Errors in the preparation of the SEFA can lead to Single Audit findings which can put future federal funding at risk.

Baltimore City Recreation and Park

Table II

BCRP’s Offsets for the Duplicate Payment

Transaction	Amount	Outstanding Credit Balance
Duplicate Payment	\$48,186.48	\$48,186.48
Invoice 241114	\$38,279.47	\$ 9,907.01
Invoice 241187	\$5,743.46	\$ 4,163.45
Invoice 241259	\$6,300.22	\$(2,136.67)

Invoice 241259 was documented in Workday as SINV-00180946 and payment was made in amount of \$2,136.67. According to BCRP, the other two invoices were not in Workday.

Mayor’s Office of Homeless Services

The MOHS offset with an invoice for the same amount which was not uploaded to Workday.

Although the expense total is accurate, it is not transparent and could result in a disallowance of expenditures.

Insufficient direction and training for recording recoveries and offsets from duplicate payments contributed to the recording errors.

Accurate accounting is a fundamental principle of financial management. It ensures that all financial transactions are recorded correctly, providing a reliable foundation for decision-making, financial analysis, and compliance with legal and regulatory requirements.

Recommendation II: We recommend that the Director of DOF develop job aids and train agency staff how to:

- Record cash recoveries from duplicate payments; and
- Deal with recoveries through offsets to the future invoices.

Finding III: Contracts / Agreements Related to Each Grant Cannot Be Attached to the Workday Grant Line Item Causing Challenges to Pull Supporting Documentation.

The MORP is administrating the ARPA grant which has one award that is set up in Workday for a \$641 million grant. This award has over 100-line items for various subgrants which make up the entire amount. There are over 200 attachments to this award in the Workday system. The attachments are all attached at the award level and are supposed to be named using a unique identifier which ties in the line item to which it relates. It was noted that not all attachments contained the unique identifier. This results in challenges in matching documents to the line item that supports the contract amount and to track agreement and related amendments.

It is the recommended practice by the Grants Management Office (GMO) to include unique identifiers in the name of all attachments.

Workday currently places attachments at the award level and leaves the naming of the attachments to the agency. The MORP was not consistently following the GMO's recommended practices of including the unique identifier in the attachments name.

Recommendation III: We recommend the Director of DOF works with "Workday" to explore the systems capabilities; for example, the possibility of attaching items at the grant line item level rather than the award level.

APPENDIX I: MANAGEMENT’S RESPONSE TO THE AUDIT REPORT

Date: November 1, 2025

To: Josh Pasch, City Auditor

Subject: Management’s Response to Audit Report - *Biennial Performance Audit Report on Mayor’s Office of Recovery Program for the Fiscal Years Ended June 30, 2023 and 2022*

Our response to the audit report findings and recommendations are as follows:

Recommendation I: We recommend that the Director of DOF collaborate with BCIT to develop solutions to reduce the risk of duplicate payments. Solutions may include, but are not limited to the following:

- Confirming the Workday “Invoice Date” field matches the attached invoice;
- Flagging all invoices with same amount, supplier, and supplier’s invoice date in Workday;
- Creating a Workday report of invoices by supplier, including the invoice date, number, and amount; and
- Requiring agencies to review the Workday report monthly to identify payments which may have been duplicates.

Management Response/Corrective Action Plan

Agree

Disagree

The Director of the DOF agrees with recommendation. To better utilize Workday, the DOF and BCIT will work with partners in the Comptroller’s Office, Accounts Payable (AP) to review existing training materials and job aids on invoice processing and, with their subject matter expertise, support the update of related materials and then distribute training and recommendations to City agencies. Finally, in conjunction with AP and BCIT, DOF will evaluate the feasibility of implementing available tools in Workday to: (i) flag invoices at the AP-review level if the invoice supplier name, dollar amount, or other relevant invoice fields are the same; and (ii) require those invoices to receive additional review.

Implementation Date: June 30, 2026

Responsible Personnel:

- Michael Mocksten, Director of Finance
- Yoanna Moises, Deputy Director of Finance

Recommendation II: We recommend that the Director of DOF develop job aids and train agency staff how to:

- Record cash recoveries from duplicate payments; and
- Deal with recoveries through offsets to the future invoices.

Management Response/Corrective Action Plan

Agree

Disagree

As of May 2025, agencies can no longer process cash sales using grant worktags, which prevents duplication of grant revenue. Additionally, the DOF has given guidance to the agencies on the appropriate way to post and account for any refunds for overpayment or duplicate payments of invoices. Finance will work with stakeholders, including AP, to review existing materials and develop job aids on how to record cash recoveries from duplicate payments and how to deal with recoveries through offsets to future invoices.

Note that the Mayor's Office of Recovery Programs has a Standard Operating Procedure to guide the receipt and processing of refunds from grantees in the event of overpayment or the return of funds at the conclusion of a grant or in response to a corrective action.

Implementation Date: June 30, 2026

Responsible Personnel:

- Michael Mocksten, Director of Finance
- Yoanna Moises, Deputy Director of Finance

Recommendation III: We recommend the Director of DOF works with “Workday” to explore the systems capabilities; for example, the possibility of attaching items at the Grant Line-Item level rather than the award level.

Management Response/Corrective Action Plan

Agree

Disagree

DOF agrees with this recommendation. GMO is currently collaborating with BCIT to add an attachment at the award line feature to the Workday award setup, which would negate the need for a naming convention for award attachments. This functionality has been submitted via the City’s ticketing system with an expected completion date and Change Control approval by December 2025.

Implementation Date: Targeted implementation for award line attachment functionality in Workday is June 30, 2026.

Responsible Personnel:

- Ashley Meyer, Director of GMO