



Office of the County Auditor

Mary Modelski

Cook County Auditor

69 West Washington, Suite 840 • Chicago, Illinois 60602 • (312) 603-1500

February 21, 2024

The Honorable Toni Preckwinkle, President
And Board of Cook County Commissioners
118 N. Clark Street, Room 537
Chicago, Illinois 60602

In accordance with the [Cook County Auditor Ordinance](#) and our 2023 *Audit Plan* we conducted a review of the American Rescue Plan Act (ARPA) Small Business Grant #NT111. The overall objective was to review the monitoring process over the utilization of the funds and to assess if they are being used, as intended.

Our fieldwork was conducted from October 24th through December 13th, 2023. The memo contains one observation.

We have discussed our conclusions and observations with the staff of the Bureau of Economic Development. We have attached their acknowledgement letter as an addendum to this memo.

We express our great appreciation for the cooperation that the staff extended to Flor Pineda of our staff. Since this is a review of the ARPA funds, the observations will not require a response and shall not be tracked within the Open Recommendation Report.

Respectfully Submitted,

Mary Modelski
County Auditor

CC: Xochitl Flores, Bureau Chief – Bureau of Economic Development

TONI PRECKWINKLE

PRESIDENT

**Cook County Board
of Commissioners**

TARA S. STAMPS
1st District

DENNIS DEER
2nd District

BILL LOWRY
3rd District

STANLEY MOORE
4th District

MONICA GORDON
5th District

DONNA MILLER
6th District

ALMA E. ANAYA
7th District

ANTHONY QUEZADA
8th District

MAGGIE TREVOR
9th District

BRIDGET GAINER
10th District

JOHN P. DALEY
11th District

BRIDGET DEGNEN
12th District

JOSINA MORITA
13th District

SCOTT R. BRITTON
14th District

KEVIN B. MORRISON
15th District

FRANK J. AGUILAR
16th District

SEAN M. MORRISON
17th District



Office of the County Auditor

Mary Modelski

Cook County Auditor

69 West Washington, Suite 840 • Chicago, Illinois 60602 • (312) 603-1500

TONI PRECKWINKLE

PRESIDENT

**Cook County Board
of Commissioners**

TARA S. STAMPS
1st District

DENNIS DEER
2nd District

BILL LOWRY
3rd District

STANLEY MOORE
4th District

MONICA GORDON
5th District

DONNA MILLER
6th District

ALMA E. ANAYA
7th District

ANTHONY QUEZADA
8th District

MAGGIE TREVOR
9th District

BRIDGET GAINER
10th District

JOHN P. DALEY
11th District

BRIDGET DEGREN
12th District

JOSINA MORITA
13th District

SCOTT R. BRITTON
14th District


KEVIN B. MORRISON
15th District

FRANK J. AGUILAR
16th District

SEAN M. MORRISON
17th District

MEMORANDUM

To: Xotchil Flores, Bureau Chief – Bureau of Economic Development

From: Mary Modelski, County Auditor 

Subject: ARPA – Small Business Grant Program (#NT111)

Date: January 29, 2024

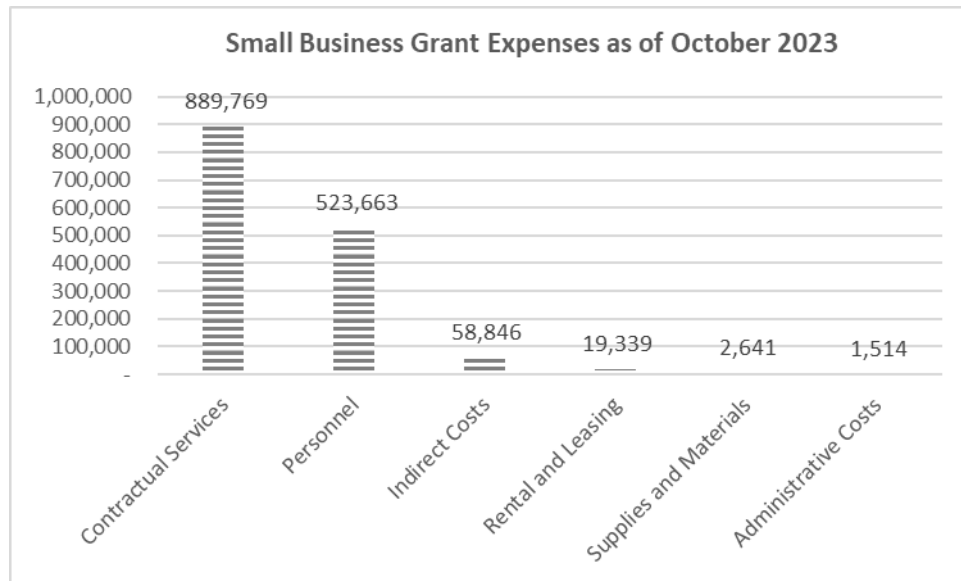
Per the Fiscal Year 2023 Audit Plan, we conducted a review of the American Rescue Plan Act (ARPA) - Small Business Grant (#NT111).

Background:

The American Rescue Plan Act is a federal funded grant that was provided to state and local governments in March 2021. The American Rescue Plan Act will assist in building an equitable economic recovery for residents disproportionately impacted as the result of the COVID-19 pandemic. The grant is aimed to address homelessness, mental and behavioral health, food insecurities, poverty, youth development, loss of revenue of small businesses and job loss and support communities and citizens in other vital economic and social areas.

The Cook County Small Businesses Grant program supports the administration and distribution of grants to facilitate small business recovery and resiliency in Cook County. The program will provide grants to small businesses with less than 20 employees that have experienced hardships resulting from COVID-19. The program will prioritize businesses located in suburban Cook County and businesses operating in industries negatively impacted by COVID as identified by the US Treasury. The total Small Business Grant initiative was awarded \$71,000,000. \$1,000,000 will support Cook County businesses owned by Veterans.

As of December 2023, Women's Business Development Center (WBDC) was advanced \$52,091,495. Advancements were issued as follows: \$26,500,000 (November 2022); \$24,499,495 (November 2023) and \$1,092,000 (December 2023). The Bureau of Economic Development reported that \$50 million dollars is to be awarded to 3,000 small businesses by the end of January 2024. The remainder of \$2,091,495 will be used for expenses. The WBDC agreement with the County calls for the balance of \$18.9 million dollars to be allocated prior to December 2026. Funds will assist small businesses access to resources that other grant programs did not address.



Objectives:

The overall objective of the audit was to evaluate the monitoring process over the utilization of funds and to assess if funds are being used as intended.

Monitoring:

Monitoring of the subrecipient (WBDC) consists of quarterly meetings, annual risk assessments and financial review of expenses. The subrecipient agreement was finalized in 2022. However, in March of 2022, the County rescinded the program and would re-start in July of 2023. Thus, only two quarterly meetings and back-up support were in scope.

Financial:

A sample of Expense Reports and back-up support, including invoices and payroll reports, were reviewed, and tied to the Small Business Grant Financial Tracker to ensure accuracy and evidence of management review.

Procedures

The following procedures were performed to evaluate adequacy of controls over the monitoring and financial process:

- Obtained and reviewed a copy of the subrecipient agreement.
- Obtained and reviewed a copy of the amendment to the subrecipient agreement signed on December 5, 2023, and identified key modifications to the original subrecipient agreement.
- Ran a financial analysis report off the General Ledger (Oracle EBS) to verify that expenses in the transaction analysis report did not exceed budget amounts outlined in the scope of work of the subrecipient agreement.
- Requested access to monitoring reports and financial records for the period of April 1, 2022, through September 30, 2023.
- Interviewed key personnel to gain a better understanding of monitoring and financial procedures.
- Reviewed all Expense Report Reimbursement Packages within our audit scope period to verify review and approval from the Bureau of Economic Development management.
- Tested a sample of three Expense Reimbursement Report Packages to verify that Expense Summary Reports and Itemized Invoice Reports are mathematically accurate and properly supported. Invoices, payroll records and proof of payment were reviewed as part of this process.

- Obtained and reviewed monitoring records, including the WBDC Excel risk assessment, program performance/metric reports, and meeting notes of meetings held between the Bureau of Economic Development management and Program Partners.
- Reviewed meeting notes and relevant support for quarterly meetings held on August 7 and November 9, 2023.

Conclusion

Based on applied audit procedures and inquiries with designated officers of the Bureau of Economic Development, we concluded that controls in place to monitor the utilization of funds appear adequate.

Observations

Our review of three Expense Reimbursement Report packets, containing five Itemized Invoice Reports, 94 Invoices and six Payroll Reports revealed the following exceptions:

- One of 100 invoices was reimbursed for the incorrect amount. The invoice correct amount was \$2,645.60. However, the amount requested for reimbursement was \$26,455.60.
- Three of 100 invoices reflected an incorrect invoice date in the Itemized Invoice Report.

Management has taken corrective action. A revised Itemized Report was provided to the Office of the County Auditor. WBDC was notified of the excess reimbursement and corrected the issue in the October 2023 Advance Drawdown Report.



BUREAU OF ECONOMIC DEVELOPMENT

XOCHITL FLORES

BUREAU CHIEF

69 W. Washington St., Suite 2900 • Chicago, Illinois 60602 • (312) 603-1000

TONI PRECKWINKLE

PRESIDENT

**Cook County Board
of Commissioners**

TARA STAMPS
1st District

DENNIS DEER
2nd District

BILL LOWRY
3rd District

STANLEY MOORE
4th District

MONICA GORDON
5th District

DONNA MILLER
6th District

ALMA E. ANAYA
7th District

ANTHONY QUEZADA
8th District

MAGGIE TREVOR
9th District

BRIDGET GAINER
10th District

JOHN P. DALEY
11th District

BRIDGET DEGNEN
12th District

JOSINA MORITA
13th District

SCOTT R. BRITTON
14th District

KEVIN B. MORRISON
15th District

FRANK AGUILAR
16th District

SEAN M. MORRISON
17th District

MEMORANDUM

To: Mary Modelski, County Auditor

From: Xochitl Flores, Bureau Chief 

Subject: BED Review of the Audit Report Cook County Small Businesses Grant Program

Date: February 13, 2024

Cc: Irene Sherr, Deputy Bureau Chief, Dominic Tocci, Deputy Bureau Chief, Ama Baljinnyam, Director of Financial Affairs and Grants Management, Mohammad Easa, Director of Financial Control

The Bureau of Economic Development appreciates the information that has been provided by the Cook County Auditor with regards to the review of the American Rescue Plan Act (ARPA) – Small Business Grant (NT#111). The overall objective of the audit was to evaluate the monitoring process over the utilization of funds. Having had the opportunity to thoroughly assess the report, we affirm that it accurately reflects the essence of the program and observations of the initiative.

As administrators of this program, we are committed to continuous enhancement and refinement and are in agreement with your observations and conclusion. Your input has highlighted key areas where we can continue to focus our efforts to ensure the program's effectiveness and integrity. We have taken corrective action to address the items identified and work with our team to continuously improve our procedures to address any identified shortcomings.

Once again, thank you for your thorough review, partnership, and constructive feedback. We look forward to continuing our collaboration to further strengthen the Cook County Small Businesses Grant program and better serve our community of entrepreneurs and small business.

Should you have any further inquiries or require additional information, please do not hesitate to contact us.

Attachment: E2023 ARPA – Small Business Grant Audit Report Memo