Fiscal Audit Report

OFFICE OF MANAGEMENT AND BUDGET
AMERICAN RESCUE PLAN TRUST FUND

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August 2026

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CITY OF PITTSBURGH
OFFICE OF THE CITY CONTROLLER
Controller Rachael Heisler

August 2026

To the Honorable Mayor Corey O' Connor and
Honorable Members of Pittsburgh City Council:

The Office of the City Controller is pleased to present this fiscal audit of the American Rescue Plan Trust Fund (ARPTF), conducted pursuant to the power of the Controller under Section 404(b) of the Pittsburgh Home Rule Charter.

EXECUTIVE SUMMARY

This is our third report on ARPTF. Our prior reports, published in 2022 and 2024 respectively, provide overviews of the American Rescue Plan Act of 2021 (ARPA); the establishment of the ARPTF; changes in resolutions; recovery planning; budgets; and financial activities connected to the trust fund up through the end of 2022. This report picks up where we left to cover the 2023 and 2024 calendar years.

In the 2023 – 2024 scope, we again see most of the expenditures flowing from ARPTF to the City's General Fund, the Urban Redevelopment Authority (URA), and the Capital Improvement Fund. In significantly smaller percentages, monies were also allocated to Pittsburgh Water, support for the arts, the Pittsburgh Parking Authority (PPA), and food justice initiatives.

We performed a limited review of financial activity in other relevant funds, which included the Bridge Asset Management Program Trust Fund (BAMPTF), the Lead Safety Trust Fund (LSTF), and the Public Arts Trust Fund (PATF). We did not detect any issues with the activity or associated documentation in those other funds, but our primary focus was on grants spent directly from the ARPTF, the majority of which going to the URA.

Completed projects, which comprise projects that received and spent all budgeted funds, included Hays Woods Plan of Lots, Targeted Parcel Maintenance, Pittsburgh Technology Center Garage, Penn Circle Two-Way Conversation, Pittsburgh Downtown Conversion Program (PDCP), and New Granada Theatre.

Pending projects, or projects that have not yet received and/or spent all budgeted funds, included Avenues of Hope, Broadway Avenue Development, Community Land Trust (CLT), Housing

Preservation, North Homewood Avenue Development, OwnPGH Home Ownership, OwnPGH Pittsburgh Housing Development Corporation (PHDC), Pittsburgh Land Bank, Property Stabilization, Streeteries Outdoor Dining Program, and Swisshelm Park Remediation.

While we did not detect any issues with the completed projects, we did identify Findings connected to at least three pending projects: Avenues of Hope, Streeteries Outdoor Dining Program, and Broadway Avenue Development. Because the URA did not standardize its document retention system, URA project managers documented projects differently and information was lost when some project managers left the authority, resulting in insufficient documentation for of Avenues of Hope and the Streeteries Outdoor Dining Program. This is Finding #1. Subsequently, the condition for Finding #2 is related to Finding #1, with half of the Avenues of Hope projects—well over $500 thousand in expected support—missing. However, in addition, we identified three non-ARPA grant agreements, altogether totaling $26,000, within the URA's ARPA project list for Avenues of Hope, indicating that these projects are not obligated to comply with ARPA guidelines. For the Streeteries Outdoor Dining Program, documentation of 69% of matching contributions required by vendors was missing, and $120,036.35 also lacks supporting documentation. For Finding #3, we were unable to assure accuracy of project invoices connected to the Broadway Avenue Development project, and the URA was unable to get us in touch with its point of contact for this project in order to clarify various aspects of the invoices received.

We recommended that the URA develop a standardized document retention system, ensure contracts and agreements are closely reviewed prior to the distribution of funds, and ensure URA personnel are provided with sufficient resources and support to handle requests for information.

We appreciate the cooperation, patience, and support of the staff we coordinated with during our audit.

Sincerely,

Rachael Heisler
City Controller

INTRODUCTION

This fiscal audit of the **American Rescue Plan Trust Fund (ARPTF)** was conducted pursuant to the Controller's powers under Article IV, Section 404(b) of the Pittsburgh Home Rule Charter.

Please note that the Office of the Controller is not responsible for federal compliance reporting for American Rescue Plan Act (ARPA) funds; therefore, this report is not intended to fulfill ARPA reporting requirements as set forth by the United States (US) Department of the Treasury (Treasury) and is not part of any federal filings.

OBJECTIVES

- To understand the City's usage of ARPTF funds in connection with Final Rule regulations established by Treasury.
- To report inflows and outflows from the ARPTF and related funds.
- To report on the City's obligation of ARPA funds.
- To review a sample of journal entries made in JD Edwards (JDE) for ARPTF and other related funds.
- To track and test project expenditure for completed and pending ARPTF projects.
- To assess adherence to the financial requirements of ARPA contracts and agreements.

SCOPE

The scope of this audit is January 1, 2023, through December 31, 2024.

METHODOLOGY

Auditors engaged with the Office of Management and Budget (OMB) and the Urban Redevelopment Authority (URA). The following methodologies were administered to address the objectives stated above:

- Auditors reviewed the City's recovery plan, *State and Local Fiscal Recovery Funds (SLFRF);* documentation from OMB regarding the City's obligation of ARPA funding; and resolutions relevant to ARPA fund usage.

- Auditors checked for account inflows and also summarized outflows recorded in JDE from the ARPTF and related funds.

- Auditors analyzed samples of journal entries recorded in JDE for ARPTF and other related funds and requested documentation in support of these samples.

- Auditors analyzed samples from recipient and subrecipient transactions connected to expenditures journaled in JDE.

- Auditors analyzed and documented ARPTF-related compliance requirements stated at the City-to-recipient contract level and recipient-to-subrecipient agreement level.

- Auditors noted contractual limits imposed on administrative expenses and analyzed URA documentation of administrative expenses budgeted and spent.

OVERVIEW

Our first ARPTF report, providing a general narrative of the fund's purpose, was published in 2022, and our second report was published in 2024. These reports, together, cover calendar years 2021 and 2022 and can be found on the Controller's website under Fiscal Audits.

As has been noted, ARPA funds fall under strict deadlines, as established by the federal government. Specifically, full obligation of ARPA funds was required by **December 31, 2024**, and fully expended no later than **December 31, 2026**. To meet these deadlines, the City published SLFRF plans in 2022, 2023, and 2024 respectively.

ARPA RECOVERY PLAN

Whereas Treasury's Final Rule establishes the regulatory framework for the usage of ARPA funds, the SLFRF program provides the funding governed by that regulatory framework. The City's recovery plan, adopted in 2022, is summarized in our 2024 report, and the recovery plan was republished with updates in July of 2023 and 2024 on OMB's website under American Rescue Plan Reporting. The City's 4-year plan categorizes ARPA funds into various project inventories; each approved through resolutions passed via City Council.

In 2023, 22 project inventories were listed on the City's recovery plan. Inventories included categories such as "avoid layoffs," "restoration of operating budget," "supplements to operating budget," "support for small businesses and artists," "ongoing URA projects," "lead line remediation," "support for housing," and so forth. In 2024, 24 project inventories were listed on the recovery plan with "support for small businesses and artists" adjusted to "support for small businesses" and the addition of two new categories: "communication system improvements" and "support for housing (negative economic impact)." All other inventories were unchanged, and all project inventories can be viewed on the City's recovery plan accordingly.

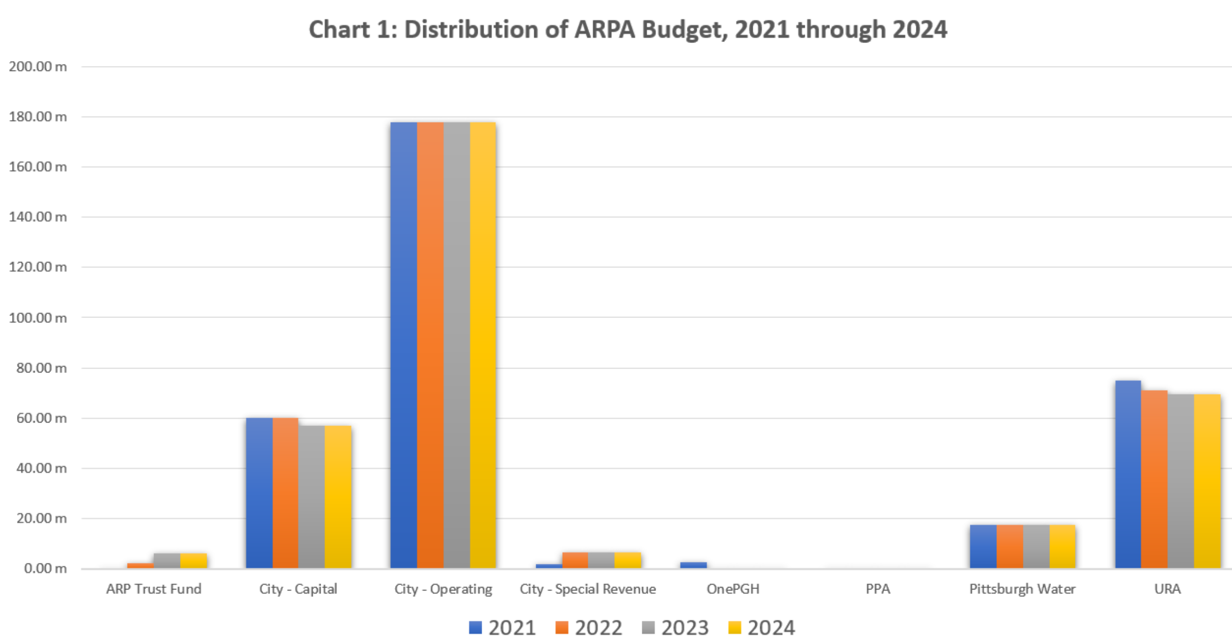
In 2024, the federal deadline for ARPA fund obligation was on the horizon, and the City's primary objective was to evaluate what allocations would result in full obligation by the end of the year. The City's recovery plan, as of July 2024, summarized the inventories that were fully obligated, partially obligated, and pending obligation. Conversely, OMB maintained an ongoing listing of project obligations, which was provided to the Controller's Office, and all project inventories were obligated by the deadline of December 31, 2024.

RESOLUTIONS

453 OF 2021, 410 OF 2022, 726 OF 2022, 500 OF 2023, 911 OF 2023, AND 407 OF 2024

ARPA funds were initially appropriated for the City's 4-year plan in July 2021 via Resolution 453 of 2021. Over the next few years, various amendments were made to these appropriations via Resolutions 410 and 726 of 2022, 500 and 911 of 2023, and 407 of 2024. Each resolution included one or more attachments, the most relevant being a spreadsheet breaking out the City's recovery plan by line, year, and funding category with the amount budgeted for each reflected accordingly. The total expenditure would fully obligate the $335,070,222 of ARPA funds by the end of 2024 and comprised direct expenses from the ARPTF; allocations for capital projects, operating costs, and special revenue; OnePGH; Pittsburgh Parking Authority (PPA); Pittsburgh Water, formerly Pittsburgh Water and Sewer Authority (PWSA); and the URA.

The chart below shows the distribution of the ARPA budget in each year from Resolution 453 of 2021 up through Resolution 407 of 2024.



Source: Resolutions 453 of 2021, 410 of 2022, 911 of 2023, and 407 of 2024.

As shown, budgeted ARPA funds were allocated into several categories. In 2021, allocations were divided into eight categories. By 2022, OnePGH had been removed, leaving only seven categories that remained through the end of 2024. In all years, the majority of ARPA funds were allocated to City operating expenses.

FUNDING SOURCE

The sum of all ARPA monies awarded to the City was received in two installments in 2021 and 2022. No additional revenues were received.

EXPENDITURE

Outflows from the ARPTF totaled $188,988,251 within scope and comprised $102,890,535 in 2023 and $86,097,717 in 2024. The journal entries made in JDE fell under three cost types: Grants, Land Acquisition, and Professional Services. The allocation amounts for each cost type are provided in Table 1 below. Each of the cost types listed are further broken down into subcategories in the 'Analysis' section of this report.

Table 1: Journal Entries by Cost Type
Period: January 1, 2023, to December 31, 2024

Description	2023	2024	Line Total
Grants	$ 67,197,372	$ 51,404,673	**$ 118,602,045**
Land Acquisition	$ 2,000,000	$ -	**$ 2,000,000**
Professional Services	$ 33,693,163	$ 34,693,043	**$ 68,386,206**
Total	**$ 102,890,535**	**$ 86,097,717**	**$ 188,988,251**

Source: JDE

ANALYSIS

Auditors implemented a layered financial review to test the primary steps of ARPA distributions. These steps include the distribution of funds from the City to the recipient; a sample of financial activity at the recipient level, when applicable; the distribution of funds from the recipient to subrecipient, when applicable; and a sample of financial activity at the subrecipient level. This process entailed a review of financial activity journaled in City's financial management systems, JDE and OnBase, and documentation provided at the recipient and subrecipient levels, as needed.

PHASE 1A: SAMPLE TESTING OF JDE ENTRIES IN ARPTF

Auditors reviewed 99% of all journal entries in the ARPTF JDE report for both 2023 and 2024 to determine if the expenditure amounts recorded aligned with the supporting documentation housed in the system and that the expenditure itself aligned with applicable resolutions. The sample included at least one line item from each of the categories listed in Table 2 below.

At this phase of testing, auditors did not detect any concerns, but relevant information regarding the movement and/or usage of the funds was documented.

Table 2: Expenditures from ARPTF Period: January 1, 2023, to December 31, 2024			
Description	**2023**	**2024**	**Line Total**
Capital Improvement Fund	$ 17,466,443	$ 3,979,825	**$ 21,446,268**
Food Justice Initiative	$ -	$ 80,000	**$ 80,000**
General Fund	$ 49,585,481	$ 47,080,742	**$ 96,666,223**
Maher Duessel	$ 11,785	$ 4,978	**$ 16,762**
Support for the Arts	$ 270,448	$ 595,262	**$ 865,710**
PPA	$ -	$ 23,383	**$ 23,383**
Pittsburgh Water	$ 9,945,797	$ 3,534,779	**$ 13,480,576**
URA	$ 25,610,581	$ 30,798,747	**$ 56,409,328**
Total	**$ 102,890,535**	**$ 86,097,717**	**$ 188,988,251**
Source: JDE			

Please note the following:

- Transfers to the Capital Improvement Fund, totaling $21,446,268 within scope, are categorized as core services and meant to support large-scale capital projects, like demolition of structures and improvements to facilities, fleet, infrastructure, and communication systems. Capital transfers represented approximately 11% of all expenditures made within scope.

- Resolution 726 of 2022 allocated $3 million in support of Food Justice Initiatives to the 2023 ARPA budget plan, and Resolution 466 of 2023 approved the allocation and plan usage, noting that plan components would move through standard legislative and procurement processes. There were no expenditures in 2023; however, there were expenditures made in 2024, and those expenditures were categorized as core services and represented approximately 4% of all expenditures within the scope. Please note the following details, which fall under Food Justice Initiatives:

  - In 2024, Resolution 568 was passed to authorize the Department of Parks & Recreation to enter into an agreement not to exceed $1,650,000 with the organization New Sun Rising for the management of grassroots and small-scale investments in this initiative. In 2024, $30,000 was expended as part of the City's agreement with New Sun Rising for the management of grassroots and small-scale investments in this initiative.

  - Fifty thousand dollars was allocated to a City position specifically related to Food Justice Initiatives.

- Transfers to the General Fund, totaling $96,666,223 within scope, are categorized as core services and meant to support supplements and restorations to the City's operating budget and to avoid layoffs. General Fund transfers represented approximately 51% of all expenditures made within scope.

- Resolutions 444 of 2021 and 726 of 2022 authorized a contract with the Certified Public Accountant (CPA) firm Maher Duessel for assistance with ARPA compliance. These entries, totaling $16,762 within scope, are categorized as administrative expenses and represented less than 1% of all expenditures within scope.

- The City's "Support for the Arts," totaling $865,710 within scope, are connected to both expenditures directly from the ARPTF and allocations from the ARPTF to other funds for direct expenditure from those.

  In 2023, three outflows were made from the ARPTF, and the purpose of each will be explained below.

  - Two transfers were allocated from the ARPTF to the Special Events Trust Fund (SETF). The first, in the amount of $137,560, was reimbursement for Pittsburgh's 2022 Fourth of July celebration, and the second, in the amount of $7,888, was reimbursement on Pittsburgh's 2022 "Light Up Night."

  - The remaining $125,000 was allotted to the POISE Foundation as part of the 2023 Western PA Juneteenth Homecoming Celebration.

  In 2024, five outflows were made from the ARPTF, and the purpose of each will be explained below.

  - The POISE Foundation received another $125,000 for the 2024 Western PA Juneteenth Homecoming Celebration.

  - Transfers in the amounts of $182,743 and $111,363 were allocated to the SETF and listed as "Funding for the arts" on OMB's spending reports.

  - Resolution 609 of 2024 approved $185,000 for the August Wilson African American Cultural Center, and auditors sampled a single line item in the amount of $51,156 that supported program activities, including event funding for the 2024 and 2025 Pittsburgh International Jazz Festival, the Center's "Intermission Series," and the Center's Community Days. The program invoice listed 30 itemized expenses that comprised the following subcategories: Pittsburgh International Jazz Festival, which includes line items for artist fees; production equipment and labor; intermission costs, including artist fees and marketing design; 'AWCommnity Day,' including artist fees and marketing printing and design; and administrative expenses.

- Also in 2024, $125,000 was distributed to Bounce Marketing, an advance for arts sponsorship of the 2024 FusionFest event. Documentation from Bounce Marketing indicated that the City's allocation paid for approximately 99% of the production fees, which included artist fees, art installations, staging, sound systems, banners, and the like.

  Journal entries in support of the arts are categorized as core services and represented less than 1% of all expenditures within scope.

- Resolution 852 of 2024 authorized approximately $1.6 million in ARPA funds to the PPA to support three specific projects: "Mellon Square storefront support," "Kirkwood Ave. grant match," and "EV charger support." In 2024, the Kirkwood Avenue grant match in the amount of $23,383 was used to install six charging stations, enabling vehicles to charge simultaneously. These expenditures are categorized as core services and represented approximately 1% of all expenditures with scope.

- Allocations to Pittsburgh Water, totaling $13,480,576 within scope, are categorized under lead remediation. The total of this line item represented approximately 7% of all expenditures.

- The City contracted with the URA to manage various redevelopment projects. Allocations to the URA, totaling $56,409,328 within scope, are categorized as housing and economic development and represented approximately 30% of all allocations.

Chart 2 on the following page provides a visual of the distribution of funds from the ARPTF.

In addition to the above, auditors performed additional phases of sample testing at the recipient level for entries made in support of the arts, which will be summarized in Phase 2A; entries made in support of lead line remediation, which will be summarized in Phase 2B; and allocations made to the URA, which will be summarized in Phase 2C.

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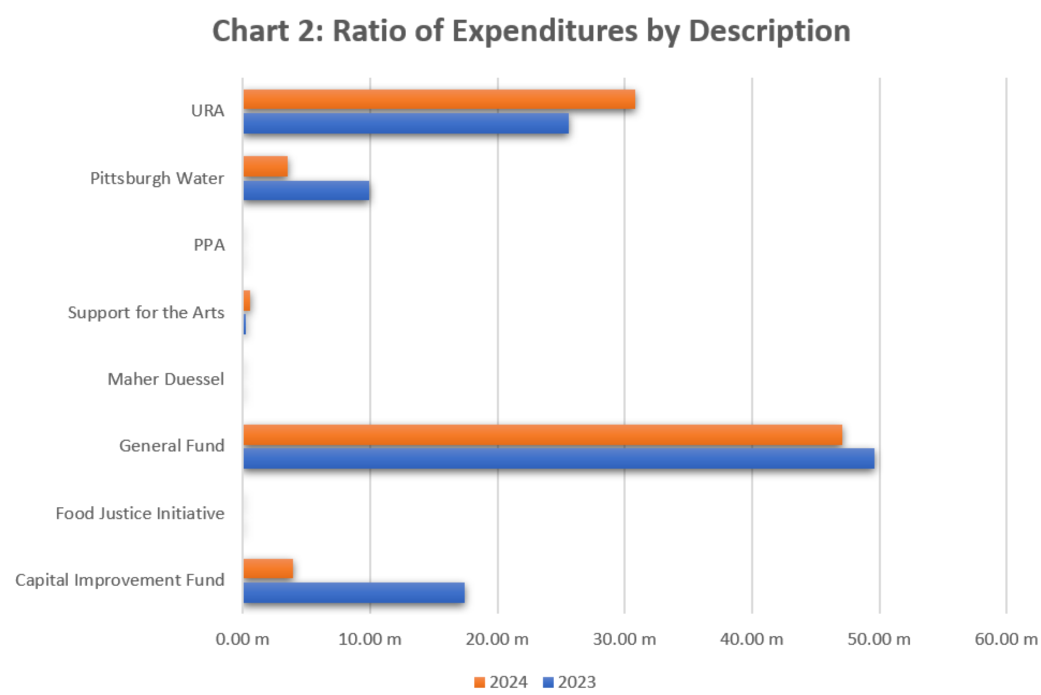

Source: Resolutions 453 of 2021, 410 of 2022, 911 of 2023, and 407 of 2024.

PHASE 1B: SAMPLE TESTING OF JDE ENTRIES IN OTHER RELEVANT FUNDS

Auditors performed a limited review of journal entries made in other relevant funds that received ARPA monies and that made ARPA-related expenditures. Within scope, these funds included the Capital Improvement Fund, the Bridge Asset Management Program Trust Fund (BAMPTF), the Lead Safety Trust Fund (LSTF), and the Public Arts Trust Fund (PATF). Auditors did not detect any concerns.

PHASE 2A: SAMPLE TESTING AT RECIPIENT LEVEL (ARTS)

In both 2023 and 2024, the POISE Foundation received lump-sum grant distributions from the City of $125,000 each, totaling $250,000 between the two years. Per the Foundation's contract with the City, the POISE Foundation acted as a fiscal sponsor to company B. Marshall Productions, LLC. The funds were used in support of local artists, art programming, and production services for the 2023 and 2024 Western PA Juneteenth Homecoming Celebrations. The funds distributed to the Foundation were reimbursement of expenses previously paid.

Auditors reviewed documentation at the recipient level and did not detect any issues but documented the usage of the reimbursement monies, which will be summarized in the table below.

Table 3: POISE Foundation Period: January 1, 2023, to December 31, 2024			
Description	**2023**	**Description**	**2024**
Admin Costs	$ 8,750	Admin Costs	$ 6,675
Hearcorp	$ 8,750	Hearcorp	$ 42,575
496 West Band	$ 2,500	Big Daddy Kane	$ 20,000
BHB Booking Coodinator	$ 2,500	In Tyre Entertainment Group, LLC	$ 22,000
My Block Records, Inc.	$ 30,000	Drae Shaw Entertainment	$ 20,000
R.A.M.P. Ent Agency	$ 25,000	Joyce Irby & Klymaxx	$ 8,000
SOUL FOR REAL	$ 12,500	Beckline	$ 5,750
The Ohio Players	$ 35,000	N/A	$ -
Total	**$ 125,000**	**Total**	**$ 125,000**
Source: JDE and OnBase			

PHASE 2B: SAMPLE TESTING RECIPIENT LEVEL (PITTSBURGH WATER)

Auditors reviewed approximately 42% of the expenditures distributed to Pittsburgh Water in 2023 and approximately 64% of the expenditures in 2024. At the recipient level, Pittsburgh Water distributes funds directly to contractors who then provide various services in support of lead line remediation. Contractors are required to submit a certified payroll register form listing the project number and details about their employees; an itemization sheet listing project details; and an application for payment, which should request the payment and indicate the amount. Auditors did not detect any issues with the documentation.

PHASE 2C: SAMPLE TESTING RECIPIENT LEVEL (URA)

Between 2023 and 2024, the URA's allocation was distributed among various projects, including Avenues of Hope, Broadway Avenue Development, OwnPGH, Pittsburgh Downtown Conversion Program (PDCP), Housing Preservation, scattered sites of North Homewood, etc. As of the end of 2024, some projects were fully completed, while others were still pending.

COMPLETED PROJECTS

The following projects were completed during the audit scope:

Table 4: Completed URA Projects Period: January 1, 2023, to December 31, 2024		
Description	**Contract #**	**Amount**
Hays Woods Plan of Lots	54498	$ 2,000,000
Targeted Parcel Maintenance	54404	$ 478,811
Pittsburgh Technology Center Garage	54666	$ 3,131,770
Penn Circle Two-Way Conversion	54108	$ 2,800,000
PDCP	54292	$ 2,100,000
New Granada Theatre	54910	$ 2,000,000
Total		**$ 12,510,581**
Source: JDE and OnBase		

Hays Woods, Targeted Parcel, Pittsburgh Technology Center Garage, and Penn Circle were all completed in 2023; PDCP received its advancement for the real estate conversion program in 2023 and completed the project in 2024; and the New Granada Theatre was advanced in 2024 and also completed 2024. Please note the following procedures:

- Hays Woods was approved via Resolution 272 of 223 for land acquisition. A deed between the City and URA was generated for the sale of Block 31-G lot in the 31st Ward. The agreement of sale authorized the City to purchase the property for $2 million. Testing was not administered on this transaction, but auditors reviewed the documentation of sale and detected no concerns.

- Targeted Parcel involved the reconstruction of a collapsed retaining wall at the URA-owned parcel at 516 Soho Street. The project was completed in September 2022, and the URA was reimbursed for a portion of its investment in the project. Auditors reviewed subrecipient documentation, including an application for payment from A. Merante Contracting, Inc., which described the work performed, and the construction agreement between the URA and the contracting company. Auditors tested the recipient documentation to ensure an invoice was properly submitted to the City, that reports were generated regarding the expenditure, and that reimbursement was for an eligible timeframe. Auditors did not detect any issues, and no further testing was necessary.

- URA initiated construction on the URA-owned parking facilities (i.e., Pittsburgh Technology Center Garage) in May 2022 in support of the Pittsburgh Technology Center. ARPA funds distributed by the City were used to reimburse a portion of the URA's expenses on this project. Auditors reviewed subrecipient documentation, including an application for payment from CPS Construction Group, which described the work performed, and the construction agreement between the URA and the contracting company. Auditors tested the recipient documentation to ensure an invoice was properly submitted to the City, that reports were generated regarding the expenditure, and that reimbursement was for an eligible timeframe. Auditors did not detect any issues, and no further testing was necessary.

- Penn Circle entailed the reconnection of two abandoned streets into a safer, human-scaled design. The City distributed ARPA funds to the URA to assist in the completion of the project. Auditors reviewed subrecipient documentation, including an application for payment from Frank J. Zottola Construction, which described the work performed, and the construction agreement between the URA and the contracting company. Auditors tested the recipient documentation to ensure an invoice was properly submitted to the City, that reports were generated regarding the expenditure, and that reimbursement was for an eligible timeframe. Auditors did not detect any issues, and no further testing was necessary.

- For PDCP, the City distributed ARPA funds not to exceed \$2.1 million to assist the URA with undertaking development of affordable housing in Pittsburgh's downtown central business district located at 164 1st Avenue. According to the loan agreement between BC First and Market, LLC, the vendor was contracted to rehabilitate 93 residential units at the location. Auditors tested the recipient documentation to ensure an invoice was properly submitted to the City, that reports were generated regarding the expenditure, and that reimbursement was for an eligible timeframe. Auditors did not detect any issues, and no further testing was necessary.

- The Hill Community Development Corporation (Hill CDC) carried out a construction project to stabilize the historic and formerly vacant New Granada Theatre. The City distributed \$2 million in funds to the URA to pass through to Hill CDC to reimburse Hill CDC for portions of the project. URA invoices for the New Granada Theatre project totaled \$2,397,007. Therefore, the City's distribution of ARPA funds assisted with a significant portion of this project. Stabilization included exterior and structural work, masonry restoration, and demolition of structures surrounding the theater. At the subrecipient level, associated vendor documents from A. Martini & Company indicated work of the following nature: demolition, excavation, masonry restoration, structural improvements, abatement of asbestos, façade and exterior improvements, and building repairs. Auditors tested the recipient documentation to ensure an invoice was properly submitted to the City, that reports were generated regarding the expenditure, and that reimbursement was for an eligible timeframe and subrecipient documentation to ensure construction activities aligned with the agreement between the URA and the construction company and that all invoices were within an eligible timeframe. Auditors did not detect any issues.

PENDING PROJECTS

The projects listed in the table below received funding and were either partially spent or pending project expenditure.

Table 5: Pending URA Projects Period: January 1, 2023, to December 31, 2024		
Description	**Contract #**	**Amount**
Avenues of Hope	54399	$ 7,000,000
Broadway Avenue Development	54458	$ 2,000,000
Community Land Trust (CLT)	54649	$ 5,000,000
Housing Preservation	54405	$ 8,900,000
North Homewood Avenue Development	54650	$ 2,000,000
OwnPGH Home Ownership	54287	$ 15,625,000
Pittsburgh Housing Development Corporation (PHDC)	54287	$ 4,000,000
Pittsburgh Land Bank	54747	$ 3,500,000
Property Stabilization	54680	$ 3,500,000
Steeteries Outdoor Dining Program	54191	$ 999,900
Swisshelm Park Remediation	54665	$ 4,000,000
Total		**$ 56,524,900**
Source: JDE and OnBase		

For projects that had expenditures within scope, auditors used the City's contracts as criteria and tested the documentation at the recipient level to ensure the following contractual stipulations were met: (1) that the URA submitted invoices to the City, (2) that reports were generated regarding the expenditures, and (3) that reimbursements were for eligible timeframes. At this level of testing, auditors did not detect any issues, but for projects that had reported expenditures, auditors performed additional testing at the subrecipient level, which will be summarized in Phase 3A.

- City Contract 54399. Avenues of Hope comprises seven avenues of neighborhood commercial corridors supporting small businesses. The original contract was amended to include funding for non-profit organizations also affected by the COVID-19 pandemic. The grants were intended to assist with the revitalization of impacted corridors, to make improvements to vacant or abandoned commercial spaces or public infrastructure in disproportionately impacted communities, and to invest in improved health outcomes in disproportionately impacted communities via the creation and/or improvement of parks and open spaces. Monitoring records provided by the URA listed the following seven avenues: Centre Avenue, Chartiers Avenue, Homewood Avenue, Second Avenue, Larimer Avenue, Perrysville Avenue, and East Warrington/Brownville Avenue.

- City Contract 54458. URA-owned properties at 1602 – 06 Broadway Avenue, Pittsburgh, PA 15216 were selected for stabilization and rehabilitation and funded via ARPA monies on a reimbursement basis.

- City Contract 54649. Community Land Trusts are private, non-profit organizations governed by boards comprised of residents, public officials, and stakeholders. Community Land Trusts located within the City receive construction financing from the URA, some of which coming from ARPA dollars. Funding supports substantial rehabilitation or new construction of affordable for-sale housing to increase the supply of affordable housing for Community Land Trust-owned land.

- City Contract 54405. The City disbursed ARPA funds to assist the URA's housing preservation efforts with the acquisition of existing or naturally occurring affordable rental units and operational expenses and/or necessary repairs to stabilize currently affordable properties through reimbursable loans. The program is intended to assist both non-profit and for-profit developers seeking to keep properties affordable rather than transitioning prices to market rates.

- City Contract 54650. ARPA funding was distributed to the URA to rehabilitate, maintain, renovate, remediate of environmental contaminants, demolish, or clean up lots owned by both the City and URA on North Homewood Avenue with the goal of converting many of these lots into affordable housing. In 2024, the URA made agreements with three companies for professional services: Envirotrac, GAI, and SciTek.

- City Contract 54287. As of 2022, the URA's funding for OwnPGH initially had three components: Education and Counseling, Home Ownership, and PHDC. In 2023, Education and Counseling was removed. Auditors were advised by OMB that the funding stayed with OwnPGH and was incorporated into Home Ownership and PHDC.

    - Grant funding for Home Ownership assisted borrowers and buyers in purchasing homes within the City and also non-profit developers in construction and development of affordable for-sale housing.

    - Funding for OwnPGH also supported PHDC, a URA affiliate non-profit housing development corporation. PHDC funding is intended for construction loans, predevelopment loans and grants to aid in acquisition, demolition, architectural planning, surveys, and other work related to the development of affordable for-sale units within PHDC's pipeline. As of the audit scope, PHDC had received $2 million of the budgeted $4 million.

- City Contract 54747. The City contracted with the URA as a passthrough entity for delivery to Pittsburgh Land Bank. In turn, Pittsburgh Land Bank is then to bring back into productive use vacant, abandoned, and underutilized properties within the City. In accordance with the contract, $221,114 was budgeted for 2023, $1.4 million for 2024, and funds for 2025 and 2026 to be disbursed each year following approval from the City.

- City Contract 54680. The City distributed ARPA funds to assist with the property stabilization of properties owned by both the URA and PHDC in high-need areas of the City affected by blight and vacancy. The City's contract established fund distribution on a reimbursement basis.

- City Contract 54191. Funding for the Steeteries Outdoor Dining Program allowed grants to organizations supporting business districts, Community Development Corporations (CDCs), chambers of commerce, or business improvement districts in the City. The funds were to be put toward infrastructure that allows outdoor restaurant activity to occur safely while preventing the spread of COVID-19. This allows organizations and restaurant businesses to establish the presence of streeteries or sidewalk cafes throughout business districts in the City.

- City Contract 54665. The URA owns a 70-acre site located in the Swisshelm Park neighborhood, and the City distributed ARPA funds to pay for a portion of the cost. In 2025, the contract was amended to also allow for post-remediation site improvements and roadway repair along the construction traffic route. Incidentally, no expenditures were reported at the subrecipient level as of the end of 2024; therefore, no further testing was possible. Auditors will check for expenditures in the 2025 scope.

PHASE 3A: SAMPLE TESTING SUBRECIPIENT LEVEL (URA)

Auditors tested a portion of the distributions to the URA at the subrecipient level as well. Testing at this level was based primarily on the agreements between the URA and subrecipients, which still requires adherence to ARPA guidelines but also further specify the intended usage of the funds.

AVENUES OF HOPE

As of the end of 2024, $3,968,533.17 of the total project budget of $7 million had been spent, and auditors tested a sample of $1,496,252.98 (38%) of the amount spent.

Auditors reviewed 26 subrecipient agreements between the URA and vendors tasked with the revitalization of the seven avenues. Payments were issued to these vendors in one or more of three payment types: façade, reimbursement, and fronted. Façade projects received funding as part of the URA's façade program to improve building façades, reimbursement projects were required to submit documentation of eligible expenditures already paid by the vendor to receive reimbursement, and fronted projects received funds up front but were required to submit evidence of expenditure to the URA within 30 days of receipt of the disbursement and could not receive additional funding until previously disbursed funds had been verified.

Please note the following procedures:

- Auditors met on site at the URA headquarters to discuss ARPA projects and obtain documentation for various projects.

- Per the City contract, funding was provided to the URA to carry out the program in compliance with the contract stipulations and ARPA-related guidance. The URA was also responsible for ensuring all subrecipients complied with the contract agreement and applicable federal requirements. This required an execution of an ARPA Grant Program Agreement at the subrecipient level. Auditors tested a sample of vendors to determine if an agreement was executed.

- For all project types, the standard agreements required that applicable subrecipients contribute 10% of their own funding toward the project and that subrecipients submit final grant reports upon completion of the project. In addition, the URA's document "Payment Request Avenues of Hope ARPA Grant Program" indicates the option for reimbursement monies requires the subrecipient submit vendor invoices and proof of payment.

- For fronted projects, the standard agreements required that subrecipients submit evidence that funding was spent on approved costs before additional funding could be given. In addition, the URA's document "Payment Request Avenues of Hope ARPA Grant Program" indicates the option for fronted monies requires the subrecipient to submit vendor invoices, estimates, and/or quotes.

Please note the following results:

- When auditors met with the URA, auditors were informed that a significant portion of the support for Avenues of Hope projects were unavailable. When asked what caused this, the URA indicated that project managers are individually responsible for documenting their projects, and the project managers overseeing this program are no longer with the URA. Therefore, the current staff is unaware of where the documentation would be housed. As a result, the URA was unable to obtain documentation for various projects and indicated that it was in the process of reaching out to individual vendors to request support.

- Auditors identified three non-ARPA grant agreements within the four façade projects funded by the URA, which totaled $33,000. Therefore, these three projects, totaling $26,000 (79%), are not obligated to comply with ARPA guidelines. In addition, one of the three non-compliant agreements contains an "Exhibit D" that indicates that the project is funded entirely by State monies.

- Eight subrecipients were eligible to receive reimbursement for expenses already paid by providing invoices and proof of payment, and auditors sampled 13 reimbursement items for testing. Of those 13 items, auditors did not receive documentation for four. The URA did not provide evidence that two of the subrecipients contributed 10% of their own monies toward the projects. These contributions would have totaled $16,000. Auditors requested final grant reports for two other subrecipients, whose grant amounts combined total $176,734, and the URA was unable to provide final grant reports for these projects.

- The URA fronted $1.03 million in ARPA funds to 14 subrecipients, and auditors identified several concerns among fronted projects. A duplicate payment of $7,020 to one of the vendors was identified. For fronted projects, the URA was unable to provide proof that prior distributions were spent before distributing $35,659. In addition, one of the vendors was fronted $200,000 with no documentation requirements, and auditors requested a signed contractor application, which the URA did not provide. Auditors did not receive proof of $10,000 made as an equity investment by one of the vendors. Auditors also did not receive final grant reports for two vendors with agreements totaling $100,000 and $200,000 respectively. The total of all missing documentation represented $545,659.

BROADWAY AVENUE DEVELOPMENT

In September 2024, an agreement for $2,421,717 was executed between the URA and contractor Bear IC, LLC for construction development at 1600 Broadway Avenue. The agreement also identified Lab 8 Designs, Inc. as the architect. A separate subrecipient agreement was also executed between the URA and Lab 8 Designs, Inc. for an amount not to exceed $167,000 connected to project development at the same address. This agreement set forth various stipulations, including requirements that itemized documentation be provided by the vendor, that expenditures aligned with allowable costs enumerated in the agreement. Therefore, auditors reviewed the agreement, tested associated invoices against the components above, and also ensured all invoices were dated within an eligible timeframe. Auditors tested 100% of architect's invoices. As of the end of 2024, $153,370.17 of the Lab 8 Design, Inc. agreement amount had been spent, which represents 8% of the total contract amount of $2 million.

Please note the following results:

- Auditors requested additional meetings with the URA and its point of contact for this project in order to clarify various aspects of the invoices received. The URA was unresponsive to this request, and, therefore, auditors are unable to attest the accuracy of the information on the invoices connected to this program, which, altogether, total $153,370.67.

COMMUNITY LAND TRUST

The Community Land Trust subrecipient agreement for services required that the URA provide agreements and commitment letters, that the agreements contain covenants of adherence to affordability requirements and limitations established in the URA contract, and that reimbursement was for expenditures within an eligible timeframe. Within the Community Land Trust, City of Bridges was the only project fully expended. The agreement between the URA and City of Bridges required the subrecipient to construct and/or rehabilitate 15 affordable for-sale housing units located throughout the City. Auditors tested subrecipient documentation for all components mentioned above. As of the end of 2024, $2,820,000 of the total project budget of

$5 million had been spent, and auditors tested 100% of the amount spent. Auditors did not detect any issues and performed no further testing.

HOUSING PRESERVATION

According to the URA's spending reports, six projects received funding totaling $3,658,381 of the total project budget of $8.9 million during the audit scope. Four of the six projects totaling $3.05 million were connected to the following borrowers: Spring Partners, LLC; Oakland Planning Development Corporation; YMCA of Greater Pittsburgh; and New Pennley Revitalization, LLC. The other two projects, connected to borrowers Platinum Settlement & Escrow, Inc., and Elite Settlement Services, were only partially spent. Auditors marked the two incomplete projects for follow-up in the next audit and tested 100% of the completed projects to determine whether or not the "use of loan" section of the subrecipient agreement aligned with the URA's contract with the City and if maximum loan amounts, rent limits, and affordability periods were appropriately established. Auditors did not detect any issues and performed no further testing.

NORTH HOMEWOOD AVENUE DEVELOPMENT

As of the end of 2024, $24,273.03 of the total project budget of $2 million had been spent, and auditors reviewed 100% of the amount spent.

- Envirotrac was procured at $3,375 to inspect and consult about the presence of asbestos within five parcels, and, as of the end of scope, all funds had been expended.

- GAI was procured at $49,600 for environmental remediation of one vacant and underdeveloped parcel, and the activities included remedial investigation, monitoring well installation and sampling, non-use aquifer determination, reporting, and a draft and final environmental covenant. As of the end of the scope, only $5,085 of GAI's agreement had been spent.

- SciTek was procured at $25,800 to provide a Phase I Environmental Site Assessment (ESA) and deliver several primary deliverables, and, as of the end of the scope, $15,813.03 of the SciTek agreement had been spent.

OWNPGH HOME OWNERSHIP

OwnPGH Home Ownership had two subcategories of expenditure: homebuyers and non-profit developers. As of the end of 2024, $10,959,976.67 had been spent on Home Ownership's total budget of approximately $15.625 million.

Please note the following criteria for the **homebuyer category**:

- The URA's contract with the city indicates that eligible buyers must be within City boundaries and purchasing for use as primary residence. Priority is given to first-time homebuyers, but existing homeowners are eligible for program assistance if purchasing a new home, and existing homeowners must only own one home after closing. Grant terms also indicated that the award cannot exceed $90,000 and homes must be sold with a 30-year affordability deed restriction at or below 80% of Area Median Income (AMI).

Please note the following results regarding the **homebuyer category**:

- Auditors researched all addresses to ensure their locations were within Pittsburgh City limits and detected no issues. Auditors also documented the neighborhoods where homebuyer funding was distributed. The neighborhoods that received the highest amount of funding were Carrick, Hazelwood, and Brookline. To see a full chart of distributions, please review Exhibit A of this report.

- Auditors documented a sample of homebuyer distributions totaling $310,000 to confirm retention of a commitment letter and record of the OwnPGH grant amount not exceeding $90,000. Auditors did not detect any issues.

Please note the following criteria regarding the **non-profit developer category**:

- The terms of the URA's contract with the City required grant underwriting be completed by April 1, 2024; that the projects begin by December 1, 2024; and that the projects be completed by December 1, 2025. Auditors administered testing to determine if project timelines were adherent and if documentation could be provided for applicable expenditures.

- Auditors identified six non-profit developer projects on URA's quarterly reports: Amani Christian Community Development Corp; two separate projects by East Liberty Development Inc.; Hilltop Alliance Development, LLC; the scattered sites of Hazelwood Initiative Inc.; and the scattered sites of Rising Tide Partners.

Please note the following results regarding the **non-profit developer category**:

- The URA's spending report indicated that the Hilltop Alliance Development Inc. project had been fully spent, while the scattered sites of both Hazelwood Initiative Inc. and Rising Tide Partners were only partially expended.

- In accordance with the commitment letters and agreements with Hilltop Alliance Development Inc.; Hazelwood Initiative Inc.; and Rising Tide Partners, the non-profit developer projects funded during the scope did not align with the timeframes required by the City's contract.

    - Although Hilltop Alliance Development Inc. completed its project by December 2024, it was not issued a commitment letter until May 2024, and its agreement was not executed until August 2024.

  - Hazelwood Initiative Inc. was not issued a commitment letter until January 2025, and its agreement was not executed until later that same month. As of the end of 2024, only 45% of its award had been spent, according to the URA's spending report.

  - Rising Tide Partners was not issued its commitment letter and agreement until December 2024, and, as of the end of 2024, only 31% of its award had been spent, according to the URA's spending report.

- The other projects (i.e., Amani Christian Community Development Corp and both East Liberty Development Inc. projects) also failed testing, as no expenditures were recorded in the URA's spending reports as of the end of December 31, 2024. In addition, project underwriting was also significantly delayed.

- Auditors discussed the delay in project timelines with OMB's prior administrators in 2025 and were advised that the City contract represented the initial vision but that adjustments had to be made as time went on.

- Being that ARPA guidelines have strict deadlines for expenditure, auditors documented exceptions for the timeliness of non-profit developers. Although this will not result in a formal Finding on the report, auditors have noted that project timeliness were delayed and will be keeping an eye on project completion in the next scope.

OWNPGH PHDC

As of the end of 2024, $1,700,816.25 had been spent on PHDC's budget of $4 million.

Please note the following criteria for **OwnPGH PHDC**:

- Auditors identified 13 project locations on the URA's spending report and 17 project locations on PHDC's ARPA project pipeline report. Auditors selected a sample of eight projects from those that had expenditures, which, altogether, totaled $1,194,189.07. Auditors tested these eight projects to determine if supporting documentation was provided and if the totals within the documentation aligned with the URA's spending report.

Please note the following results regarding **OwnPGH PHDC**:

- Auditors received complete documentation for seven of the eight projects sampled. However, since the URA was unresponsive to auditors' final request, auditors were unable to document receipt of a reimbursement request totaling $51,942.26 for one of the project locations.

- Auditors documented the neighborhoods where PHDC funding was distributed. The neighborhoods that received the highest amount of funding were Schenley Heights, Beechview, and Larimer. To see a full chart of distributions, please review Exhibit B of this report.

PITTSBURGH LAND BANK

As of the end of 2024, $972,694.36 of the total project budget of $3.5 million had been spent, and auditors selected a sample of line items totaling $410,670.24 (42%) of the amount spent. Testing was administered to determine if supporting documentation was retained; if the activity was allowable in accordance with the agreement; and if reimbursement was for an eligible timeframe. Auditors did not detect any issues and performed no further testing.

PROPERTY STABILIZATION

As of the end of 2024, $2,213,484.19 of the total project budget of $3.5 million had been spent, and auditors tested a sample of $874,411.99 (40%) of the amount spent. Testing was administered to determine whether or not support for vendor transactions was retained; if expenditures were aligned with allowability uses enumerated in the URA's contract; if photos, construction documents, and/or engineering or environmental reports were available as documentation of project completion; and that reimbursement was for an eligible timeframe. Of note, auditors did not receive photos of completed projects before, during, or after construction, as required by the contract, and auditors were also unable to locate dates on five of the 15 invoices tested

STREETERIES OUTDOOR DINING PROGRAM

As of the end of 2024, $716,720.92 of the total project budget of $999,900 had been spent, and auditors tested a sample of $540,000 (75%) from eight of the 11 vendors identified on the URA's quarterly spending reports.

Please note that auditors were informed by the URA that the same project managers overseeing Avenues of Hope were responsible for Streeteries and are no longer with the URA. This affected auditors' ability to receive additional documentation and clarification on some projects, which will be indicated, where applicable, below. Due to the varied nature of work across all subrecipients, testing procedures were determined on a project-by-project basis and will be detailed below.

Toole Design signed on as a consultant via an agreement with the URA executed on August 31, 2022. The vendor was tasked with creating templates for outdoor infrastructure, developing design refinement guidelines, and assisting organizations through the design and permitting processes. Please note the following criteria for **Toole Design**:

- Toole Design's agreement required the creation of up to three templates for outdoor infrastructures, the refinement of design guidelines created initially by the Department of Mobility and Infrastructure (DOMI), on-call assistance for businesses district groups and participating businesses through design and permitting processes, and participation in educational webinars organized by the URA and its partners. Auditors documented the total expenditure amount of $73,004.26 of Toole Design's $75,000 agreement and tested the fifteen items connected to these expenditures

Please note the following results for **Toole Design**:

- Auditors did not note any exceptions and performed no further testing.

The URA executed two agreements with InnovatePGH, one for $60,000 and one for $90,000. Both agreements were aimed at expansion of Oakland's outdoor dining infrastructure. Please note the following criteria for **InnovatePGH**:

- For the first project of $60,000, the agreement required that all monies be spent within 12 months of the grant agreement date of April 19, 2023, and for the second project of $90,000, the agreement required that all monies be spent within 12 months of the grant agreement date of July 18, 2024. Both agreements also stipulated that the subrecipient must provide evidence of its financial contribution to the project, that the subrecipient provided evidence that project improvements were completed and paid for, and that the subrecipient submitted quarterly reports.

Please note the following results for **InnovatePGH**:

- Auditors did confirm that both projects were fully expended; however, auditors did not receive evidence of the subrecipient's contribution in the amount of $18,000 connected to the $90,000 agreement.

The Greenwood Plan agreed to assist various restaurants within the City by providing or expanding outdoor dining. Please note the following criteria for **The Greenwood Plan**:

- The subrecipient agreement stipulated that grant proceeds should be obligated by October 1, 2023, and spent by July 1, 2024; that the subrecipient provided evidence that project improvements were completed and paid for; and that the subrecipient submitted quarterly reports.

Please note the following results for **The Greenwood Plan**:

- Auditors noted that the subrecipient's final grant report was dated September 3, 2024, and the final payment was dated July 30, 2024.

- Auditors did not receive evidence of project completion and payment for six transactions totaling $18,477.18.

- Auditors received subrecipient quarterly reports and were able to confirm appropriate usage of the funds.

Pittsburgh Downtown Partnership agreed to assist with the improvement or expansion of outdoor dining infrastructure for restaurants conducting business outdoors in the Downtown area. Please note the following criteria for **Pittsburgh Downtown Partnership**:

- The subrecipient agreement stipulated that grant proceeds should be spent within 12 months of the grant agreement date of March 19, 2023; that the subrecipient must provide evidence of its financial contribution to the project; that the subrecipient provided evidence that project improvements were completed and paid for; and that the subrecipient submitted quarterly reports.

Please note the following results for **Pittsburgh Downtown Partnership**:

- The subrecipients final report was dated July 25, 2024, indicating project completion longer than 12 months.

- Evidence of the subrecipients matching contribution in the amount of $18,000 was not received.

- Auditors were able to confirm project completion and payment, quarterly reports, and appropriate usage of the funds.

The agreement with Bloomfield Development Corp. tasked the subrecipient with providing or expanding outdoor dining for various restaurants in the Bloomfield neighborhood. Please note the following criteria for **Bloomfield Development Corp.**:

- The subrecipient agreement stipulated that grant proceeds should be obligated by October 1, 2023, and spent by July 1, 2024; that the subrecipient provided evidence that project improvements were completed and paid for; and that the subrecipient submitted quarterly reports.

Please note the following results for **Bloomfield Development Corp.**:

- Auditors did not receive a final grant report.

- Auditors were able to confirm project completion and payment, quarterly reports, and appropriate usage of the funds.

The agreement with Mount Washington CDC tasked the subrecipient with providing or expanding outdoor dining for various restaurants in the Mount Washington neighborhood. Please note the following criteria for **Mount Washington CDC**:

- The subrecipient agreement stipulated that grant proceeds should be obligated by October 1, 2023, and spent by July 1, 2024; that the subrecipient provided evidence that project improvements were completed and paid for; and that the subrecipient submitted quarterly reports.

Please note the following results for **Mount Washington CDC**:

- Auditors did not receive a final grant report.

- Auditors did receive subrecipient quarterly reports.

Akin to InnovatePGH, the agreement with Oakland Business Improvement District (OBID) aimed at expansion of Oakland's outdoor dining infrastructure. Please note the following criteria for **OBID**:

- The subrecipient agreement stipulated that grant proceeds should be spent within 12 months of the grant agreement date of January 19, 2023; that the subrecipient must provide evidence of its financial contribution to the project; that the subrecipient provided evidence that project improvements were completed and paid for; and that the subrecipient submitted quarterly reports.

Please note the following results for **OBID**:

- OBID's final grant report was dated September 13, 2023, indicating project completion within 12 months.

- Exhibit B of OBID's agreement includes a list of project expenditures by source, noting OBID as the funding source for a significant portion of the project in alignment with its matching requirement.

- Auditors did not receive documentation of the final payment request and, therefore, no supporting evidence of project completion.

- Auditors were able to confirm receipt of quarterly reports.

Strip District Neighbors were tasked with creating outdoor dining improvements to Salem's Market & Grill within the Strip District. Please note the following criteria for **Strip District Neighbors**:

- The subrecipient agreement stipulated that grant proceeds should be spent within 12 months of the grant agreement date of January 19, 2023; that the subrecipient must provide evidence of its financial contribution to the project; that the subrecipient provided evidence that project improvements were completed and paid for; and that the subrecipient submitted quarterly reports.

Please note the following results for **Strip District Neighbors**:

- Auditors did not receive the final grant report.

- Evidence of the subrecipient's matching contribution in the amount of $4,500 was not received.

- Evidence was not provided showing that expenditures totaling $47,289.17 were completed and paid for.

LIMITS ON ADMINISTRATIVE EXPENSES

Auditors identified seven URA contracts that set restrictions on administrative expenses. The contracts identified are as follows: Avenues of Hope, Broadway Avenue Development, North Homewood Avenue Development, Housing Preservation, Community Land Trust, OwnPGH Home Ownership and PHDC, and Property Stabilization. These contracts indicated that the URA is entitled to use up to 15% of the ARPA funds on administrative costs per project, but the URA cannot use more than 10% of the total amount of funds provided for administrative costs. In the same section of these contracts, it is noted that the URA is to use quarterly reporting to document the amount of ARPA funds spent on administrative expenses.

Auditors analyzed a URA "ARPA Admin Budget" document. The ARPA Admin Budget listed "budgeted" versus "actual spending" of administrative costs by project. Various administrative expenses were attributed to each project, and the administrative expenses listed on this document totaled $5,680,470. According to this document, none of the projects listed above exceeded their admin limit.

In reviewing the quarterly reports, auditors were able to trace only four of the seven projects, as administrative expenses were not consistently documented on the URA's quarterly reports. Of the projects auditors were able to trace, none had exceeded the individual contractual limit of 15%, and the URA has not exceeded the overall limit of 10% for all projects. It is important to note, however, that projects are still underway and pending full completion, as required by Final Rule regulations. Auditors will perform additional procedures in the following scope.

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FINDINGS AND RECOMMENDATIONS

FINDING #1: LACK OF STANDARDIZATION AND OVERSIGHT IN PROJECT MANAGEMENT

The URA did not employ a standardized document retention system for its project managers, and, therefore, auditors cannot determine in all cases if former project managers acquired and/or retained documentation needed to support the distribution of funds and verification of project completion. As a result, projects connected to at least two ARPA contracts were not sufficiently documented. For additional details, please review Phase 3A and see Finding #2.

RECOMMENDATION #1:

The URA should develop an organizational framework and centralized location for documenting projects.

FINDING #2: INADEQUATE SUPPORT FOR AVENUES OF HOPE AND STREETERIES OUTDOOR DINING PROGRAM

AVENUES OF HOPE

Within Avenues of Hope, the URA used ARPA funds to support three non-ARPA grant agreements, was unable to provide required documentation for several subrecipients who received reimbursements and was unable to provide required documentation for half of the monies fronted to subrecipients. For additional details, please review Phase 3A.

STREETERIES OUTDOOR DINING PROGRAM

Within the Streeteries Outdoor Dining Program, the URA was unable to provide evidence of the grantee contributions for three contractors and documentation of expenses made also for three contractors. Therefore, auditors cannot attest for $40,500 (63%) of the $64,500 in contributions required among all four projects, and project reporting and/or support of project expenses were not provided for five of the contractors. For additional details, please review Phase 3A.

RECOMMENDATION #2:

2a: The URA should implement a full review of contracts and agreements prior to the distribution of funds and ensure its staff or any agents responsible for the documentation and distribution of funds be aware of contract stipulations.

2b: The URA should improve monitoring activities on subrecipients to ensure appropriate requirements are met and documentation is present at established program checkpoints. Please note that a recommendation for improved project monitoring was previously recorded in the City Controller's fiscal audit report of ARPTF dated April 2024.

FINDING #3: UNABLE TO ASSURE ACCURACY OF INVOICES SUPPORTING BROADWAY AVENUE DEVELOPMENT

The URA was unable to provide adequate clarification for the invoices provided in support of the Broadway Avenue Development project, and the URA was unresponsive to auditors' request for a meeting with its point of contact to clarify the various aspects of invoices received. For additional details, please review Phase 3A.

RECOMMENDATION #3:

The URA should ensure that personnel are provided with sufficient resources and support to handle requests for information.

Written responses from OMB and URA are appended on the following pages.

COREY O'CONNOR
MAYOR

REA PRICE
ACTING DIRECTOR

CITY OF PITTSBURGH
OFFICE OF MANAGEMENT & BUDGET
THE CITY-COUNTY BUILDING

August 5, 2026

Rachael Heisler, City Controller
Office of the City Controller
414 Grant Street
Pittsburgh, PA 15219

RE: Fiscal Audit of American Rescue Plan Trust Fund (ARPTF), Scope 2023 – 2024

Dear Controller Heisler:

Thank you for the opportunity to review the Controller's Fiscal Audit Report of the American Rescue Plan Trust Fund (ARPTF) for calendar years 2023 and 2024. We appreciate the depth of analysis performed and the detailed documentation of activity across City departments, partner agencies, and subrecipients. The Office of Management and Budget (OMB) values this feedback and remains committed to strengthening transparency, compliance, and project oversight as ARPA-funded initiatives approach the federal expenditure deadline of December 31, 2026.

FINDING/RECOMMENDATION #1:

The URA did not employ a standardized document retention system for its project managers, and, therefore, auditors cannot determine in all cases if former project managers acquired and/or retained documentation needed to support the distribution of funds and verification of project completion. As a result, projects connected to at least two ARPA contracts were not sufficiently documented. For additional details, please review Phase 3A and see Finding #2.

RECOMMENDATION #1:

The URA should develop an organizational framework and centralized location for documenting projects.

AUDITEE RESPONSE:

OMB acknowledges the challenges noted regarding documentation continuity and concurs that a standardized, centralized project management framework is necessary. OMB will work with the URA to create a unified ARPA documentation retention protocol consistent with Treasury's Uniform Guidance.

FINDING/RECOMMENDATION #2:

AVENUES OF HOPE

Within Avenues of Hope, the URA used ARPA funds to support three non-ARPA grant agreements, was unable to provide required documentation for several subrecipients who received reimbursements and was unable to provide required documentation for half of the monies fronted to subrecipients. For additional details, please review Phase 3A.

STREETERIES OUTDOOR DINING PROGRAM

Within the Streeteries Outdoor Dining Program, the URA was unable to provide evidence of the grantee contributions for three contractors and documentation of expenses made also for three contractors. Therefore, auditors cannot attest for $40,500 (63%) of the $64,500 in contributions required among all four projects, and project reporting and/or support of project expenses were not provided for five of the contractors. For additional details, please review Phase 3A.

RECOMMENDATION #2:

2a: The URA should implement a full review of contracts and agreements prior to the distribution of funds and ensure its staff or any agents responsible for the documentation and distribution of funds be aware of contract stipulations.

2b: The URA should improve monitoring activities on subrecipients to ensure appropriate requirements are met and documentation is present at established program checkpoints. Please note that a recommendation for improved project monitoring was previously recorded in the City Controller's fiscal audit report of ARPTF dated April 2024.

AUDITEE RESPONSE:

OMB agrees with the concerns raised and recognizes that staffing turnover at the URA significantly impacted documentation continuity. Avenues of Hope and the Streeteries program underwent heavy implementation during periods of transition, which affected record completeness.

FINDING/RECOMMENDATION #3:

The URA was unable to provide adequate clarification for the invoices provided in support of the Broadway Avenue Development project, and the URA was unresponsive to auditors' request for a meeting with its point of contact to clarify the various aspects of invoices received. For additional details, please review Phase 3A.

RECOMMENDATION #3:

The URA should ensure that personnel are provided with sufficient resources and support to handle requests for information.

AUDITEE RESPONSE:

OMB acknowledges the communication gaps identified and agrees that timely clarification of project documentation is essential. URA staffing changes again contributed to delays in completing invoice validation activities.

OMB appreciates the Controller’s thorough review and constructive recommendations.
We remain committed to ensuring that ARPA funds continue to be administered effectively, compliantly, and transparently. The findings serve as an important guide as we finalize ARPA spending and transition toward the program’s permanent closeout period.

If further detail or follow-up information is needed, OMB will gladly provide supplemental documentation.

Sincerely,

Rea Price
Acting Director

Urban Redevelopment Authority of Pittsburgh
412 Boulevard of the Allies
Suite 901
Pittsburgh, PA 15219
412.255.6600 ura.org

August 6, 2026

Rachael Heisler, City Controller
Office of the City Controller
414 Grant Street
Pittsburgh, PA 15219

RE: Fiscal Audit of American Rescue Plan Trust Fund (ARPTF), Scope 2023 – 2024

Dear Controller Heisler:

The Urban Redevelopment Authority of Pittsburgh ("URA") thanks you and your staff for the time and effort taken to conduct this audit of the American Rescue Plan Trust Fund (ARPTF), for the period from January 1, 2023, to December 31, 2024.

Please find enclosed the URA's response to the specific recommendations laid out in the fiscal audit report.

FINDING/RECOMMENDATION #1:

The URA did not employ a standardized document retention system for its project managers, and, therefore, auditors cannot determine in all cases if former project managers acquired and/or retained documentation needed to support the distribution of funds and verification of project completion. As a result, projects connected to at least two ARPA contracts were not sufficiently documented. For additional details, please review Phase 3A and see Finding #2.

> ***RECOMMENDATION #1:***
>
> The URA should develop an organizational framework and centralized location for documenting projects.

AUDITEE RESPONSE:

The URA agrees with this recommendation and is developing a standardized document retention system for each ARPTF-assisted project and program. Each program and project will follow the general standard below, with a project folder and sub-folders containing the following:

- Application

- Commitment Letter
- Contract
- Payment Requests
- Proof of Payment
- Matching Funds (if applicable)
- Before and After Pictures
- Subaward Reports (if applicable)
- Internal Monitoring Reports
- Communication & Notes
- URA Approvals
- Compliance

URA staff will be required to create an internal document for each program and project clearly affirming the document retention system for the program and project and set up a folder structure in a centralized location accordingly. The URA will utilize a checklist to ensure the required documentation is available in the folder structures at each milestone and before the disbursement of any funding. A draft version of the checklist is included as an attachment for this report

The URA will also review the existing documentation structure for each ARPTF-assisted program and project and transition the documentation into the updated structure outlined above.

The URA will support staff with the adoption of the standardized document retention system with several training strategies. The Government Affairs & Strategic Initiatives department will work with URA Directors to develop standard operating procedures prior to the start of projects and programs to outline roles and responsibilities for URA staff and the funding recipient, with particular emphasis on the responsibilities related to required documentation by the funder and funding source. Additionally, the URA will leverage existing staff meetings to train staff on the new process and troubleshoot issues as needed.

FINDING/RECOMMENDATION #2:

AVENUES OF HOPE

Within Avenues of Hope, the URA used ARPA funds to support three non-ARPA grant agreements, was unable to provide required documentation for several subrecipients who received reimbursements and was unable to provide required documentation for half of the monies fronted to subrecipients. For additional details, please review Phase 3A.

STREETERIES OUTDOOR DINING PROGRAM

Within the Streeteries Outdoor Dining Program, the URA was unable to provide evidence of the grantee contributions for three contractors and documentation of expenses made also for three contractors. Therefore, auditors cannot attest for $40,500 (63%) of the $64,500 in contributions required among all four projects, and project reporting and/or support of project expenses were not provided for five of the contractors. For additional details, please review Phase 3A.

RECOMMENDATION #2:

2a: The URA should implement a full review of contracts and agreements prior to the distribution of funds and ensure its staff or any agents responsible for the documentation and distribution of funds be aware of contract stipulations.

2b: The URA should improve monitoring activities on subrecipients to ensure appropriate requirements are met and documentation is present at established program checkpoints. Please note that a recommendation for improved project monitoring was previously recorded in the City Controller's fiscal audit report of ARPTF dated April 2024.

AUDITEE RESPONSE:

The URA agrees with these recommendations. The URA will strengthen existing processes and implement a system to ensure full review of contracts and agreements prior to distribution of funds and ensure improved monitoring of activities on subrecipients.

The URA will assemble a working group to review awarded ARPTF-assisted projects and programs and identify outstanding documentation for FY2025 and FY2026. The working group will then engage with funding recipients to obtain the outstanding documentation as best possible.

The URA is implementing several new processes to promote adherence with written agreements and minimize noncompliance. The URA is developing checklists (as discussed in the response to Finding/Recommendation #1) to document receipt, review, and approval of required documentation. The checklist will summarize compliance and documentation requirements related to each funding award, and designate points of contact and responsible parties for each item.

The URA intends to improve monitoring activities by increasing coordination between the Finance department, Legal department, and the departments administering ARPTF-assisted projects and programs. Prior to the start of a project or program, the Finance department and department staff administering the project or program will meet to review compliance and documentation requirements related to the funding award, and assign roles and responsibilities. Additionally, the Finance department, Legal department, and the departments administering the ARPTF-assisted project or program will meet with the funding recipient's team to review the funding requirements and confirm understanding of the roles and responsibilities.

The URA will support staff with the adoption of these processes through a similar training process outlined in Finding/Recommendation #1. The Government Affairs & Strategic Initiatives department will work with URA Directors to develop standard operating procedures prior to the start of projects and programs to outline roles and responsibilities for URA staff and the funding recipient, with particular emphasis on the responsibilities related to required documentation by the funder and funding source. Additionally, the URA will leverage existing staff meetings to train staff on the new process and troubleshoot issues as needed.

In addition to the above-referenced checklist, the URA will complete quarterly monitoring activities on subrecipients and summarize those submissions as reports in the folder structure. The URA will utilize calendar reminders to ensure completion of monitoring activities with subrecipients to ensure contract requirements are met and documentation is present. The URA will also track correspondence (e-mails and calls) and notes using its enterprise resource management system to document project status and concerns.

The URA will also connect funding recipients to technical assistance providers, based on need, for additional support to meet the compliance requirements. The URA and its affiliates engage with a variety of technical assistance providers, and has some funding available for funding recipients to work with the providers.

FINDING/RECOMMENDATION #3:

The URA was unable to provide adequate clarification for the invoices provided in support of the Broadway Avenue Development project, and the URA was unresponsive to auditors' request for a meeting with its point of contact to clarify the various aspects of invoices received. For additional details, please review Phase 3A.

> ***RECOMMENDATION #3:***
>
> The URA should ensure that personnel are provided with sufficient resources and support to handle requests for information.

AUDITEE RESPONSE:

The URA will ensure all project files are available for review and that appropriate staff are available to provide additional documentation and answers as required. For each project file we will identify clear points of contacts and their contact information, particularly those individuals who are administering the project or program, managing inspections and approval of pay applications, and acting as supervisors for approval. The URA staff administering the project or program will complete the attached checklist to identify the points of contact for the activity and update accordingly throughout the project timeline.

In conclusion, the URA appreciates the thoroughness of the audit and values the recommendations provided by the City Controller's Office. We are committed to addressing the findings and recommendations and are engaged in continuously improving our practices to ensure transparency and efficiency in our operations. Thank you for your attention to this matter.

Sincerely,

DocuSigned by:
Damara R. Carter
E930C04610FC46E...

Damara Carter
Chief Financial Officer

cc:

Attachment A

ARPA Checklist

General Information

Project Name	
URA Program Manager	
Name	
Title	
E-mail Address	
Phone Number	
URA Project Manager	
Name	
Title	
E-mail Address	
Phone Number	
Subrecipient Point of Contact	
Name	
Title	
E-mail Address	
Phone Number	
Architect/Engineer	
Name	
Title	
E-mail Address	
Phone Number	
Contractor/GC	
Name	
Title	
E-mail Address	
Phone Number	

Subaward List

Organization Name	Role	Contract Award Date
	Subrecipient	
	General Contractor/Construction Manager	
	Subcontractor 1	
	Subcontractor 2	

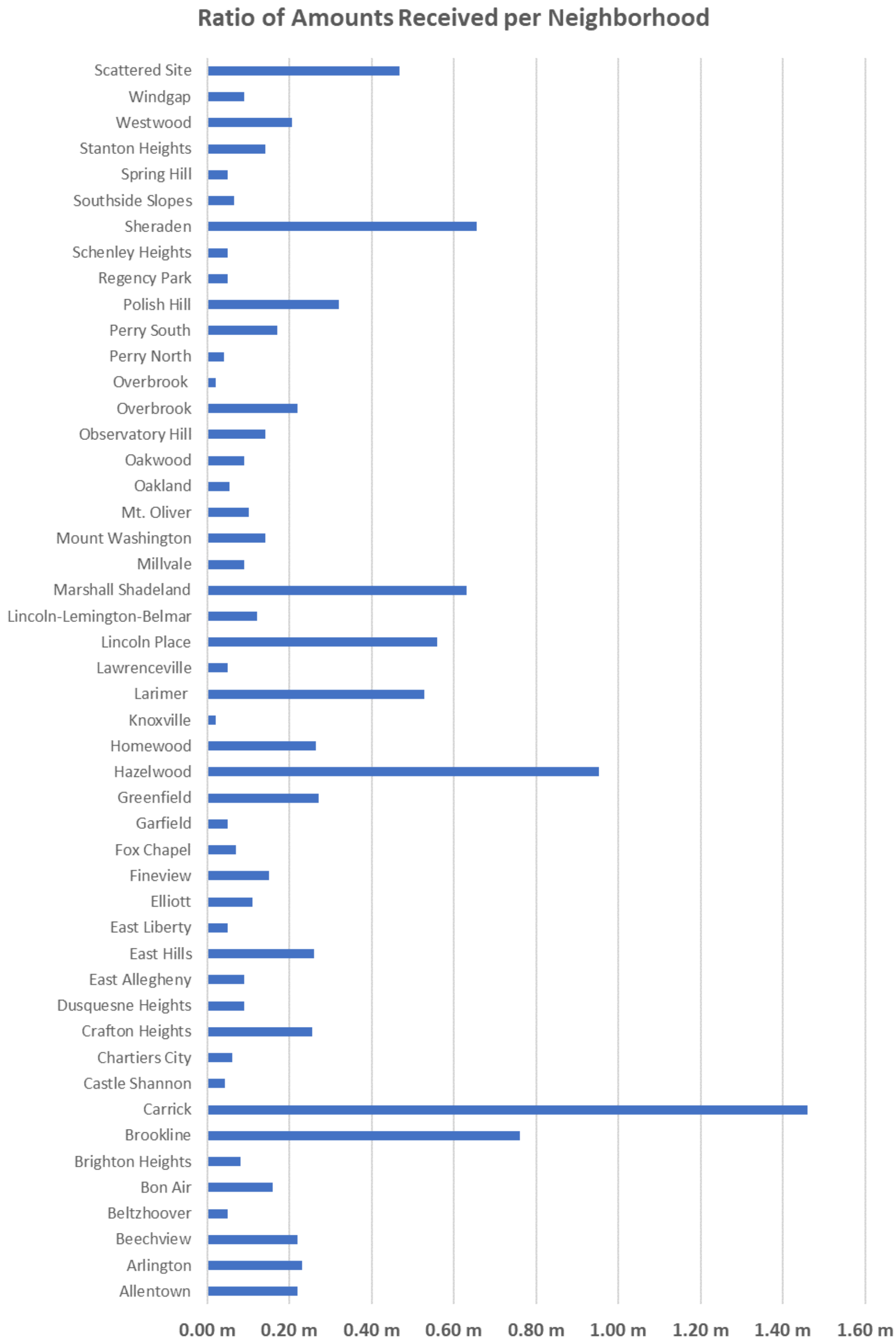
Checklist

Item	Notes/Additional Description	Supporting Documentation (File Name)	Folder Location	Program Manager Sign-Off
Application				
Commitment Letter				
Signed Contract				
Amendments				
Matching Funds				
Before Pictures				
After Pictures				
Invoices				
Monitoring Report				
Subrecipient Report				

APPENDIX

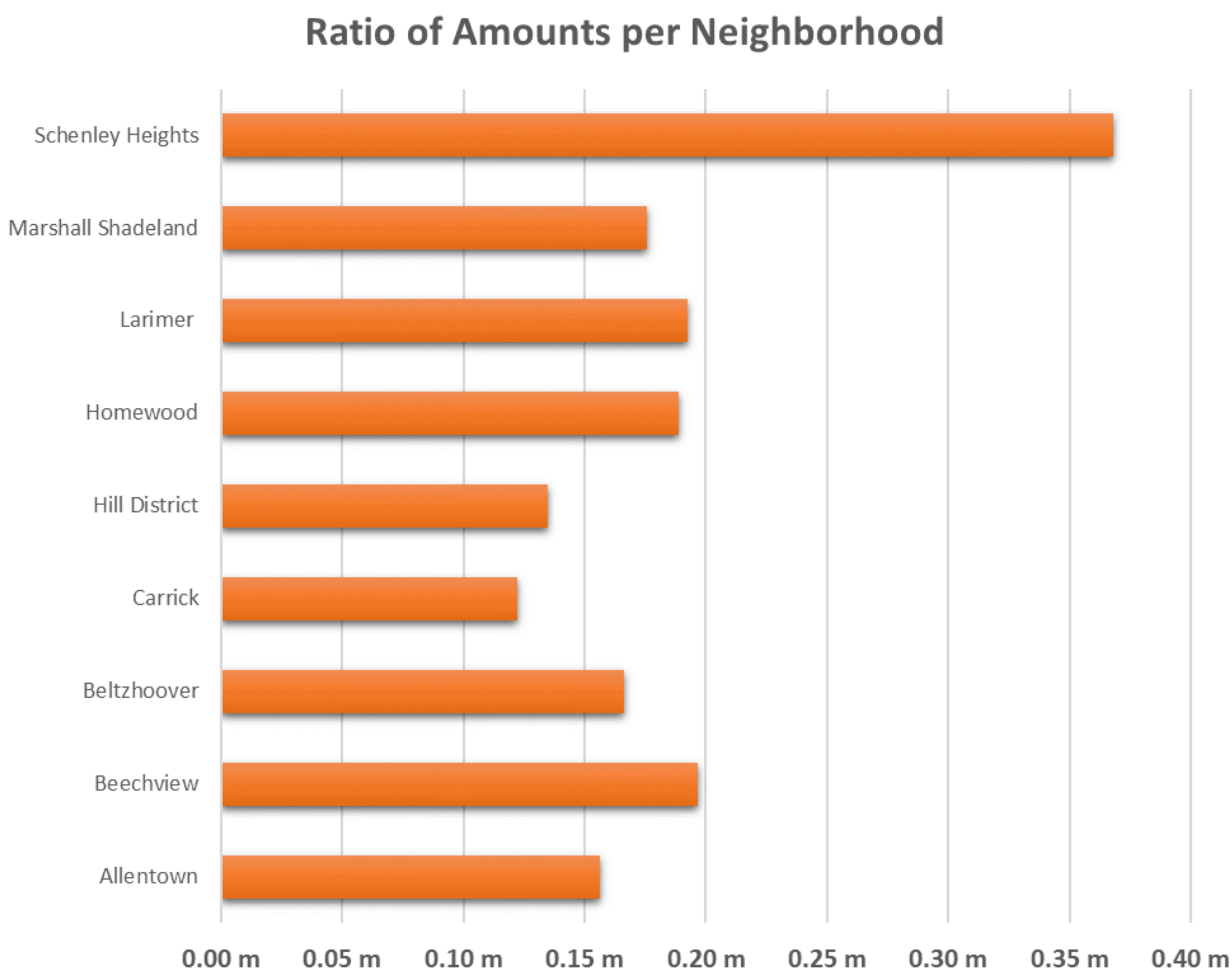
EXHIBIT A

HOME OWNERSHIP



For additional details, please review Phase 3A, OwnPGH Home Ownership.

EXHIBIT B
PHDC



For additional details, please review Phase 3A, OwnPGH PHDC.