

# NEWS FROM THE ULSTER COUNTY OFFICE OF THE COMPTROLLER

March S. Gallagher, Esq.  
Comptroller



Alicia DeMarco, CPA  
Deputy Comptroller

Charles Dinstuhl, CPA  
Director of Internal Audit & Control

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Contact: Dafne DeJesus 845-331-8774

## Comptroller's Audit of the CARES 2 Business Grant Program Finds Half of Awardees Ineligible

*Kingston, NY (August 4, 2023)* -- The Ulster County Comptroller's Office released the Audit of the Ulster County CARES 2 Grant Program today. The CARES 2 Program was funded with federal American Rescue Plan Act funds and grant awards were announced in April 2023.

The Audit found that overall the legislative goals of the program were not met. Only half of the businesses awarded grants qualified as low to moderate income businesses. At least one awardee had adjusted gross income of over \$1 million. The audit also notes that adjusted gross income (AGI) alone is not an effective tool to determine need as it ignores wealth. Future grant programs intended to address need should consider other metrics in addition to AGI.

The Audit found that the contract between Ulster County and the Ulster County Economic Development Alliance (UCEDA) was unclear because it called for screening applicants based on "annual gross income" which is not a defined term in New York State or federal tax returns. Inaccurate information was communicated to the public and applicants with respect to eligibility for the program being limited to businesses that qualified as low to moderate income businesses. Ineligible businesses were provided to the scoring committee for review. Finally, there were errors in the aggregation of the data to determine the overall scores for all applicants.

"I am disappointed to report that the implementation of the CARES 2 grant program did not meet the intent of the program to only benefit low to moderate income business owners who require additional support to weather the COVID-19 pandemic. It is absolutely critical that County government institute internal controls to assure the integrity of the review and grading process on programs such as this. Unfortunately, these types of errors damage the public's confidence in the allocation of funds. I appreciate that the Metzger Administration is implementing change at the UCEDA organization to prevent these types of issues in the future. At this time, I would not recommend extending additional program responsibility to the UCEDA organization until they can produce up to date financial statements and internal procedures that will provide transparency and accountability in the grants management process. The Comptroller's Office has taken and will continue to take a heightened review of the ARPA fund allocations to ensure the integrity of this one time funding stream."

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