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MANAGEMENT LETTER

City of Cleveland
Cuyahoga County
601 Lakeside Avenue
Cleveland, Ohio 44114

To the Honorable Mayor Justin M. Bibb, Members of City Council, and the Audit Committee:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements defined in our Independent Auditor's Report of the City of Cleveland, Cuyahoga County, Ohio (the City) as of and for the year ended December 31, 2025, and the related notes to the financial statements and have issued our report thereon dated June 25, 2026.

Government Auditing Standards require us to communicate deficiencies in internal control, as well as report on compliance with certain provisions of laws, regulations, contracts and grant agreements that could directly and materially affect the determination of financial statement amounts. We have issued the required report dated June 25, 2026, for the year ended December 31, 2025.

2 CFR Part 200 subpart F requires that we report all material (and certain immaterial) instances of noncompliance, significant deficiencies, and material weaknesses in internal control related to major federal financial assistance programs. We have issued the required report dated June 25, 2026, for the year ended December 31, 2025.

We are also submitting the following comments for your consideration regarding the City's compliance with applicable laws, regulations, grant agreements, contract provisions, and internal control. The comments reflect matters that do not require inclusion in the *Government Auditing Standards* or Single Audit reports. Nevertheless, the comments represent matters for which we believe improvements in compliance or internal controls or operational efficiencies might be achieved. Due to the limited nature of our audit, we have not fully assessed the cost-benefit relationship of implementing the recommendations. The comments reflect our continuing desire to assist your City but are only a result of audit procedures performed based on risk assessment procedures and not all deficiencies or weaknesses in controls may have been identified. If you have questions or concerns regarding the comments please contact your regional Auditor of State office.

Noncompliance Finding

REDSS Moving Violation Fee Assessment

Ohio Rev. Code § 2949.093 allows for a board of county commissioners to elect, by resolution, to participate in a criminal justice regional information system, either by creating or maintaining its own system or participating in an already existing system. Ohio Rev. Code § 2949.093(C), provides, in part, that a county that elects to participate in a criminal justice regional information system shall obtain revenues to fund its participation by establishing an additional court cost not exceeding five dollars to be imposed for moving violations that occur in that county. The board of county commissioners shall establish the amount of the additional court cost by resolution and shall give written notice to all courts located in that county that adjudicate or otherwise process moving violations that occur in that county of the county's election to participate in the system and of the amount of the additional court cost. Upon receipt of such notice, each recipient court shall impose that amount as an additional court cost for all moving violations the court adjudicates or otherwise processes,

Cuyahoga County has established, via resolution, the Regional Enterprise Data Sharing System, (REDSS), to share information with local law enforcement agencies. Per that resolution, effective October 1, 2005 an additional court cost of five dollars must be imposed for every and all moving violations that occur in Cuyahoga County, and any court, including juvenile court, in which any person is convicted of, or pleads guilty to any moving violation that occurs in Cuyahoga County as costs in the case in addition to any other court costs that the court is required by law to impose upon the offender. Further, 2007 Op. Att’y Gen. No. 2007-030 and 2013 Op. Att’y Gen. No. 2013-025 clarified that Ohio Rev. Code § 2949.093 requires a municipal court to impose the additional court cost established by a board of county commissioners per moving violation adjudicated or otherwise processed by the court in a case when a person is convicted of, or pleads guilty to, more than one moving violation in a case.

Cleveland Municipal Court assessed a five-dollar fee for each case involving a moving violation instead of the fee per moving violation. Failure to not properly assess these fees may result in potential lost revenues and is not compliant with the above statute.

The City should update relevant fee policies and procedures to ensure that the proper fees are being assessed for each moving violation rather than once per case with more than one moving violation.

Recommendations

1. Community Development Rental Assistance Review Process

The HOME Investment Partnership program requires participating entities to calculate benefit amounts paid to or on behalf of individuals that are part of the program.

While the City has a process in place to determine that participants receiving assistance from the HOME program have met the Income eligibility requirements, there is no process in place to determine if the amount of benefit paid to or on behalf of individuals is properly calculated. The determination of the amount of rental assistance to be provided to eligible recipients is currently performed by the Ohio Housing Finance Agency, a third party contracted by the City. During our review of the Ohio Housing Finance Agency documentation, it was determined that no participant received more than the maximum allowable amount allowed by law but were unable to calculate the exact amount of benefit provided and there was no indication the City performed procedures to determine that the amounts were calculated properly.

Recommendations
(Continued)

Community Development Rental Assistance Review Process (Continued)

Failure to ensure that accurate benefits are calculated could lead to the City paying unallowable cost and eventual loss of grant funding.

The Department of Community Development should establish procedures to ensure the amount of assistance provided to each eligible recipient is accurate and in compliance with the federal regulations.

2. Council Food Gift Card Distribution Policy and Procedures

City Council members are awarded discretionary funds each fiscal year for the benefit of citizens living within the member's ward. One allowable use for monies is to provide food gift cards, hams, and turkeys to low-income families living within the ward. The distribution of the cards is done through the use of not-for-profit entities and public events held within the ward after the completion of a compliance form supporting that the recipient qualifies as low-income and residency identification. Once the compliance form and residency identification is completed, the resident receives the card and the not-for-profit organization requests reimbursement from the City.

Due to insufficient policies and procedures over the food gift card distribution program, we noted the following control deficiencies during our review:

- 83 cards in Ward 1 and 5 cards in Ward 10 were issued to persons with an address outside of the City;
- 879 and 687 compliance forms were incomplete or missing for Wards 1 and 10, respectively; and
- For Wards 1 and 10, five and 93 completed compliance forms, respectively, were dated after the non-profit entity received full reimbursement from the City.

Lack of formal policies and procedures over the distribution of food gift cards could potentially lead to noncompliance with the contract, misuse of City funds, and potential findings for recovery being issued.

The City should establish procedures to ensure that food gift cards are distributed only to qualified persons living within the City and that not-for-profits are compliant with program and contractual requirements, elected officials do not assist with distribution, and that reimbursements made to the non-profit entities handling the distribution of the cards are for actual cards issued.

**Recommendations
(Continued)**

3. Cleveland Public Power Inventory Management and Reporting

Cleveland Public Power Inventory Management Policy Section 1.3 outlines the process for issuing inventory for material to work order/stock trucks. Section 1.3 states in part that the requester for materials must submit a copy of the Work Order or Trouble Ticket Number, to be followed by a work order, for the material to be requested. Upon approval of the work order, it is to be transferred to a Stores Requisition Form, which contains vital information related to the materials being issued, such as the part number, quantity requested and person approving the form. A copy of the completed Stores Requisition Form is to be maintained in the storeroom, in binders, grouped by month in sequential order. Once the Storeroom Requestion form is completed and approved the issued materials are to be logged into the inventory system.

Due to the failure of staff to follow the proper process, we were unable to determine that one transformer, with a total value of $6,100, had been issued and hence properly removed from the inventory totals.

Failure to properly complete the required documentation could lead to asset misappropriation and material misstatement of inventory amounts.

Cleveland Public Power's management should review the Stores Requisition forms and ensure they are properly completed and maintained per the Inventory Management Policy and that they then compare those forms to the inventory system to ensure accurate reporting at year end.

4. IT – Security Administration *

Security administration helps to ensure computer resources are only provided to users on an as needed basis and according to management's intentions. Effective security administration policies and procedures typically include on-boarding procedures to confirm initial user access is appropriate, periodic review of user access for appropriateness.

Payroll Application:
- [redacted]
- [redacted]

Time Keeping Application:
- One user had admin access which was removed during field work.
- [redacted]

Active directory:
- [redacted]

City's Network Monitoring application
- [redacted]

Recommendations
(Continued)

IT – Security Administration * (Continued)

CCA AD:

- [redacted].

When security authorization documentation does not provide detailed information regarding the roles and privileges provided within the application, there is an increased risk of unauthorized access to data. The practice of “mirroring” access for users within an application can be especially risky if the account being “mirrored” was previously granted higher level privileges than would be necessary for the new user. In addition, accounts with excessive access may result in the accidental or intentional loss of or damage to data.

The City should develop and implement the following security administration controls:

- [redacted]
- [redacted]
- [redacted]
- [redacted]

Additionally, the City should review the SOC 1 Type 2 reports for their service organizations and ensure they are meeting the Complementary User Entity Controls listed in each.

5. IT – Cybersecurity Training *

Sound controls require regular security awareness training. Establishing a security awareness training program is an effective way to ensure employees are aware of cyber threats so they will not make costly errors that could result in a security incident or data breach. Encouraging awareness about data protection and security issues while developing properly trained staff requires that various areas be addressed through a comprehensive training program.

Security awareness training initiatives can include classroom or webinar style sessions, security awareness web sites, helpful hints provided via email, and bulletin board notices. These methods can help ensure employees have a solid understanding of security policies, procedures, and best practices and what they can do to recognize and respond appropriately to potential security issues and cyber threats.

The City has a formal cyber security policy, however not all employees completed the training.

DPU has a formal cyber security policy, but did not implement cyber security training until 2026.

Without adequate training, users may not understand security risks and their role in mitigating those risks.

The City should ensure cybersecurity awareness training program is completed by all network users. Participation in such training should be required, tracked and enforced to help ensure all employees receive training on a regular basis.

Recommendations
(Continued)

6. IT – Logical Access (City Hall, DPU and Municipal Court) *

Logical access controls are critical to help ensure computer resources are appropriately protected. Passwords are typically used to authenticate a user before access is granted to the computer system. Multifactor (MFA) authentication, in which a user is required to provide two or more verification factors to gain access to critical data, and strong password policies are key controls in preventing unauthorized user access. In addition, monitoring user access activity via security reports help to identify suspicious activity.

While the City Hall, and Municipal Court IT environments have strong password controls in place to restrict user access to critical systems, [redacted]

In addition, the following logical access issues were noted:

City's time keeping application

- [redacted]
- [redacted]
- [redacted]

City's active directory and Entra

- [redacted]
- [redacted]
- [redacted]

City's Municipal Court application

- [redacted]
- [redacted]
- [redacted]

City's EMS Application

- [redacted]

When strong password and MFA policies are not implemented or enforced, there is an increased risk of unauthorized access to data. In addition, the risk of inappropriate access or unauthorized changes increases when audit reports are not reviewed on a regular basis.

[redacted]

* We also reported these matters in our prior audit of the financial statements.

Other Matter

The Auditor of State is conducting an investigation. As of the date of this report, the investigation is ongoing. Dependent on the results of the investigation results may be reported on at a later date.

We intend this report for the information and use of the City Council, audit committee, and management.

This document may contain information that constitutes security and/or infrastructure records described in Ohio Rev. Code § 149.433, or a record described in Ohio Rev. Code § 9.64(E) or (F). Such records are exempt from public disclosure under the Ohio Public Records Act. If this document contains exempted records, releasing the management letter without appropriate redactions could jeopardize the security of your IT systems. Please be sure to consult your legal counsel prior to releasing or otherwise making the management letter publicly available.

KEITH FABER
Ohio Auditor of State

Tiffany L Ridenbaugh

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Chief Deputy Auditor

June 25, 2026