



Connecticut Department of Economic and Community Development

Forensic Audit of Blue Hills Civic Association

January 20, 2026

Prepared by: Emilie Deveraux, CFE
CliftonLarsonAllen LLP

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January 20, 2026

Ms. Kara Sene, Director
Connecticut Department of Economic and Community Development
450 Columbus Road
Hartford, CT 06103

RE: Blue Hills Civic Association Forensic Audit

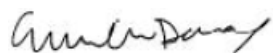
Dear Ms. Sene:

CliftonLarsonAllen LLP was retained by the Connecticut Department of Economic and Community Development, ("DECD"), to perform a forensic audit and an assessment and evaluation of the Blue Hills Civic Association, ("BHCA" or "Blue Hills"), financial and grants management systems, including its related policies, procedures, practices, flow of funds, bank account information, subrecipient selection and monitoring, verification of expenditures, and internal controls as it relates to its financial management, grants management, and administrative processes and financial systems. The purpose of this report is to summarize the results of our work.

We performed our engagement in accordance with the Statement on Standards for Forensic Services No. 1, ("SSFS No. 1"), of the American Institute of Certified Public Accountants, ("AICPA"), and the Code of Professional Standards of the Association of Certified Fraud Examiners, ("ACFE"). This report does not constitute an audit, compilation, or review, in accordance with standards of the AICPA, the objective of which would be the expression of an opinion on any specified elements, accounts, or items. Accordingly, CLA does not express such an opinion. The professional standards promulgated by the AICPA prohibit CLA from rendering an opinion as to whether there has been any fraud or other criminal activity by anyone associated with this engagement. The professional standards promulgated by the ACFE prohibits Certified Fraud Examiners, ("CFEs"), from expressing opinions regarding the guilt or innocence of any person or party. Therefore, CLA does not render such opinions.

Fraud and irregularities by their very nature are most often hidden, and no absolute assurance can be given that all such matters have been detected. Our engagement cannot be relied on to disclose all irregularities or illegal acts, including fraud that may exist. However, to the extent such matters have come to our attention, we have included them in this report.

Respectfully submitted,



CliftonLarsonAllen LLP
Emilie Deveraux, CFE
Signing Director



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1. Executive Summary

Background

CliftonLarsonAllen LLP, (“CLA”), was initially retained by the Connecticut Department of Economic and Community Development to perform a forensic audit, and an assessment and evaluation of the Blue Hills Civic Association policies, procedures, and practices related to grants for the period of July 1, 2022 to March 31, 2025. Additionally, CLA was asked to provide recommendations for improvements in policies and procedures, internal controls, and effective state and federal grant monitoring.

The Request for Proposals (“RFP”) for a forensic audit of BHCA was issued by DECD following notification of a \$300,000.00 loss resulting from wire transfer fraud, allegedly perpetrated by an individual or individuals claiming to represent a BHCA subgrantee. The RFP and accompanying Statement of Work, (“SOW”), agreed upon by CLA and DECD initially established a projected audit and reporting period from June 1, 2025, to September 1, 2025. In September 2025, based on CLA’s preliminary findings and challenges in acquiring required documentation from BHCA, stemming from the termination of most BHCA personnel, the audit scope was extended to cover the period from January 1, 2020, to June 1, 2025. An amended SOW was subsequently executed, extending the project timeline to October 31, 2025. However, the audit ultimately continued into 2026 due to prolonged delays in obtaining essential financial, operational, and grant documentation from BHCA, as well as additional concerns identified during CLA’s review that warranted further analysis. These emerging issues led CLA and DECD to consider the need for an additional SOW with an expanded focus, including targeted subrecipient verification procedures. The additional work under this new SOW is expected to be completed in 2026.

This report outlines the scope of our engagement, the procedures performed, the findings identified, and our recommendations for improvement.

Scope of Work

The scope of work requested by the DECD was to conduct a forensic audit, and an assessment and evaluation of BHCA’s financial and grants management systems, including its related policies, procedures, practices, flow of funds, bank account information, subrecipient selection and monitoring, verification of expenditures, and internal controls as it relates to its financial management, grants management, and administrative processes and financial systems, and to provide a report of findings and recommendations.

1. **Recent loss of financial assistance:** DECD has requested that CLA conduct a forensic audit including analysis of the extent of lost funds, an evaluation of the cause of the loss, and an evaluation of any additional exposure of state and federal assistance, including funding to subrecipients.
2. **BHCA’s reports, policies and procedures:** DECD has requested that CLA conduct an assessment and evaluation of BHCA’s reports, policies and procedures, including reconciliation, calculations and reports of all funds received, expended and returned during the period of January 1, 2020 through June 1, 2025.

Summary of Work Performed

CLA undertook the following procedures to complete the forensic audit of the BHCA and assess the concerns raised by the DECD.

1. Initial conference
2. Document request
3. Interviews of relevant individuals at BHCA
4. Analysis of processes and procedures
5. Data Collection & Analysis
6. Reconciliation of Subrecipient Payments and MOUs
7. Email review
8. Board minute review

Results of Forensic Audit

The forensic audit of BHCA reveals pervasive governance failures, systemic internal control weaknesses, and patterns of conduct that strongly suggest potential fraud and misappropriation of public funds by BHCA and related parties. Over the course of multiple fiscal years, BHCA received more than \$15 million in state funding, yet operated without adequate policies, oversight, or accountability mechanisms. Funds were routinely disbursed by BHCA to subrecipients without executed agreements, projected budgets, or documented compliance checks. MOUs were frequently backdated, passthrough arrangements lacked transparency, and significant discrepancies in reported expenditures went unchallenged. These practices violate fundamental principles of grant management and raise serious questions about the integrity of BHCA's operations.

Due to deficiencies in BHCA's record-keeping, grant recipient monitoring, and financial reporting practices, CLA was unable to reach a conclusive determination regarding the majority of grant funds disbursed by BHCA. However, as outlined in this report, CLA has identified \$208,000.00 in unsupported disbursements that either violated conflict of interest best practice standards or were used to pay for services that were not performed. Additional review and investigative work, including further examination of both BHCA and its subrecipients, may reveal further instances of fraud, waste, or abuse.

Table 1: Unsupported Disbursements

Recipient	Description	Fiscal Year	Amount
Keon Berry/St. John's Full Deliverance Church	Legislative grant for ADDvantage Academy Chess Program	2024	\$ 15,000.00
Keon Berry/St. John's Full Deliverance Church	Legislative grant for ADDvantage Academy Chess Program	2025	25,000.00
Sonserae Cicero/SHEBA Consulting, LLC	Updating the BHCA Employee Handbook - 150 Hours	2022	42,000.00
Sonserae Cicero/SHEBA Consulting, LLC	Updating the BHCA Employee Handbook - 150 Hours	2022	42,000.00
Sonserae Cicero/SHEBA Consulting, LLC	Reviewing and updating BHCA Board Policies - 100 Hours	2022	28,000.00
Sonserae Cicero/SHEBA Consulting, LLC	Leadership Training for BHCA Staff - 150 Hours	2022	42,000.00
Sonserae Cicero/SHEBA Consulting, LLC	Board of Directors Training	2022	14,000.00
			<u>\$ 208,000.00</u>

Further, the audit found that BHCA's policies did not meet state requirements for record retention and auditability, and that BHCA board oversight and transparency in sub-recipient grant awarding were lacking. Monitoring activities, such as site visits and financial reviews, were not consistently performed or documented by BHCA, and discrepancies in subrecipient reporting were not adequately addressed.

CLA reviewed DECD's processes for awarding and monitoring legislative grants to recipients. While DECD does not select or approve legislative grant recipients, those are designated by the General Assembly, CLA confirmed that DECD executed its administrative and oversight responsibilities in accordance with established protocols. These responsibilities included preparing grant agreements, enforcing reporting requirements, reviewing BHCA's financial and programmatic submissions, and requiring repayment of funds following the wire transfer fraud incident. Based on the procedures performed, CLA did not identify any evidence that DECD staff were involved in any fraudulent activity related to BHCA or its subrecipients. While DECD's actions demonstrated compliance with established policies, CLA identified opportunities to strengthen monitoring practices and documentation, particularly regarding verification of subrecipient expenditures, to enhance transparency and accountability in future grant oversight.

Based on these findings, CLA recommends that DECD require its legislative grantees to implement formal, documented procedures for grant awarding and monitoring, strengthen internal controls, ensure transparency and board oversight, and maintain accurate and complete records. Timely communication of material claims or losses to DECD and other stakeholders is essential for maintaining trust and compliance. Adopting these recommendations will help safeguard public resources, promote accountability, and ensure the effective management of state-funded grant programs.

Next Phase of Investigation

CLA and DECD have entered into a new Statement of Work to initiate the next phase of the forensic audit. This next phase will focus on obtaining and reviewing documentation directly from the BHCA subrecipients to whom BHCA distributed state-funded grant dollars. Under the updated SOW, CLA will request detailed support for all expenditures reported to BHCA, copies of programmatic and financial reports submitted, evidence of funds received, and any applicable agreements or attestations maintained by subrecipients. The purpose of these additional procedures is to verify subrecipient spending, assess compliance with grant requirements, and determine whether additional unsupported, unallowable, or potentially fraudulent transactions occurred.

2. Background

BHCA is a community based non-profit organization incorporated in the state of Connecticut in 1963. According to their LinkedIn profile, "Blue Hills Civic Association is a catalyst to inspire Hartford, CT to be vibrant with civically engaged residents and leaders, strong schools, and thriving economies. We empower the people living and working in the Blue Hills and surrounding communities to create stable and attractive

neighborhoods through organizing, advocacy, and multi-generational programs.”¹ BHCA was funded via various state and federal grants, appropriations, and donations over the years and carried out their mission through various subgrantees and programs in the Hartford area.

According to their website, the DECD is “is the state's lead agency responsible for strengthening Connecticut’s competitive position in the rapidly changing, knowledge-based global economy.”² It supports existing and new businesses, promotes local communities, and works on issues like arts and culture, tourism, and eliminating brownfield properties.

In State Fiscal Year 2024, (FY’24”), DECD granted \$5,500,000.00 to BHCA through grant number FY24-Legislative Grant-00012. **See Exhibit 01.** Another \$5,500,000.00 was granted to BHCA by DECD in State Fiscal Year 2025, (“FY’25”), through grant number FY25-Legislative-00004. **See Exhibit 02.** The former BHCA executive director, Vicki Gallon-Clark, (“Ms. Gallon-Clark”), was the signatory on behalf of BHCA on both agreements. A previous relationship between DECD and BHCA existed as DECD had granted BHCA funds in previous years through the American Rescue Plan Act, (“ARPA”) and the Community Investment Fund, (“CIF”); however, the focus of this report is on the two previously mentioned legislative grants.

Table 2: Funds Granted from DECD to BHCA

Fiscal Year	Grant	Amount
FY’22	Urban Act Grant	\$ 300,000.00
FY’23	FY23-ARPA-00020	\$ 500,000.00
FY’23	FY23-2yrDLF-00003	\$ 200,000.00
FY’24	Community Investment Fund	\$ 750,000.00
FY’24	FY24-Legislative Grant-00012	\$ 5,500,000.00
FY’25	FY25-ARPA-0000000012	\$ 2,925,000.00
FY’25	FY25-Legislative-00004	\$ 5,500,000.00

\$ 15,675,000.00

In early October 2024, BHCA experienced a wire transfer fraud incident involving email correspondence with an individual claiming to represent My People Community Services, a BHCA subgrantee. The fraudulent subgrantee submitted an ACH authorization form containing bank account information to which BHCA transferred a total of \$300,000.00 intended as a grant over two transactions. The fraud was discovered by BHCA in early December 2024 when the legitimate subgrantee informed BHCA they had not yet received any funds; however, neither the BHCA Board of Directors nor DECD were informed of the loss until March 2025. Once informed, DECD halted any additional funding to BHCA, ordered BHCA to

¹ <https://www.linkedin.com/company/blue-hills-civic-association/>

² https://portal.ct.gov/decd/content/about_decd/about-decd-office/about-decd

return DECD funds and stop any further disbursements. The majority of BHCA staff were laid off shortly after the termination of funding, and BHCA ceased all operations.

On July 31, 2025, federal authorities issued a grand jury subpoena to DECD requesting documents, communications, and records related to BHCA and certain subgrantees, dated from January 1, 2020 to July 31, 2025. The federal inquiry includes in part an investigation into Connecticut state Senator Doug McCrory, ("Senator McCrory"), and his connections to BHCA, and the BHCA subgrantee SHEBA Resource Center and SHEBA CEO, Sonserae Cicero, ("Ms. Cicero"). In response to this subpoena, DECD requested that CLA's audit scope period be extended to align with the timeframe of the federal inquiry. Accordingly, CLA's scope period was expanded from July 1, 2022, back to January 1, 2020. This updated scope expanded CLA's review from the FY'24 and FY'25 legislative grants to all grants listed in Table 1 above.

3. Summary of Work Performed

To fulfill the scope of work agreed upon by DECD and CLA, the following work was conducted by CLA to complete the forensic audit of BHCA.

a. Initial Conference

CLA held an initial meeting with the State virtually via Microsoft Teams on June 14, 2025. The meeting included Kara Sene, Director of Financial Review and Compliance of DECD, Daniel Gehen, Director of Internal Audit of DECD, and Matthew Pugliese, Deputy Commissioner of DECD. The purpose of this initial meeting was to make introductions and discuss timing, expectations, and agree on the cadence of communication between DECD and CLA.

b. Document Request

On June 25, 2025, an initial document request was provided to DECD who then forwarded the document requests to the current president of the BHCA Board of Directors. The purpose of the initial request list was to obtain financial data and documents needed to perform the forensic audit. Subsequent document requests were sent directly to BHCA as needed throughout the engagement. In addition to receiving documentation electronically from BHCA, CLA visited the BHCA office on three separate occasions to assess and obtain copies of any physical records maintained onsite.

c. Interviews of Relevant Individuals at the BHCA

Interviews of BHCA staff and board members were conducted virtually over Microsoft Teams throughout the course of the engagement. The purpose of these interviews was to gather detailed information on the events and processes occurring as they relate to grant management and oversight, financial transactions and the events surrounding the 2024 wire transfer fraud.

Table 3: Listing of Interviews Conducted

No.	Date		Title
1.	07-22-2025	Sylvia Noriega	Former Financial Director, BHCA
2.	08-15-2025	Joshua Hall	Board Member, BHCA
3.	08-21-2025	Brian Matthews	Interim Executive Director, BHCA
4.	08-22-2025	Shamika Smith	Board Member, BHCA
5.	08-23-2025	Dr. Kaydian Reid	Board Chair, BHCA
6.	11-14-2025	Dr. Kaydian Reid	Board Chair, BHCA

CLA attempted to schedule an interview with Tom Sussman, (“Mr. Sussman”), former CFO of BHCA. CLA contacted Mr. Sussman by phone on July 8, 2025. Mr. Sussman indicated he would not be interested in granting an uncompensated interview following his termination.

CLA also attempted to schedule an interview with Ms. Gallon-Clark. Ms. Gallon-Clark indicated she would need to confer with counsel and subsequently did not respond to any further requests for an interview.

d. Analysis of Contracts, Processes, Policies, and Procedures

CLA requested all relevant and documented processes, policies, and procedures from BHCA and received two policies. However, these documents did not contain any guidance regarding grant management, distribution, or oversight. For additional guidance on grant management, distribution and oversight, CLA reviewed and analyzed the agreements and contracts between DECD and BHCA, and BHCA and their various subrecipients. CLA also referenced grant requirements and guidance issued by the State of Connecticut government to support its evaluation of BHCA’s grant management policies, procedures, and practices. Additionally, CLA discussed the BHCA processes and procedures during interviews with BHCA employees to gain an understanding of what processes and procedures were in practice. CLA noted conflicting information between some employees’ understanding of the processes and the written documentation related to those processes. Additionally, CLA identified gaps within BHCA’s documented processes, internal controls and how policies were communicated to BHCA employees.

BHCA was contractually required under its various State of Connecticut and federal grant agreements to use awarded funds strictly for the purposes outlined in each contract’s approved budget and scope; to obtain written approval for any deviations; to return unexpended or improperly used funds within the required timeframe; and to maintain adequate fiscal records, internal controls, and audit-ready documentation for periods ranging from three to five years. BHCA was also obligated to comply with extensive reporting requirements, including quarterly progress reports, final financial and program reports, and sub-recipient monitoring where applicable, along with state and federal single audit standards, nondiscrimination statutes, data-security and breach-notification obligations, insurance and indemnification provisions, and all governing Executive Orders and statutory requirements.

These contract terms additionally required BHCA to implement appropriate oversight of sub-recipients, maintain sound fiscal management practices, safeguard confidential information, and

adhere to state-mandated prevailing wage, relocation, and compliance conditions where applicable. CLA's testing procedures included assessing BHCA's compliance with each individual contractual requirement as well as State of Connecticut grant requirements and federal grant requirements, and specific contractual violations identified during this testing will be noted throughout the report.

e. Data Collection and Analysis

CLA requested that BHCA provide financial data from their financial accounting system QuickBooks, and bank statements for all BHCA accounts on June 25, 2025. Due to the reduced staffing at BHCA, a delay occurred in receiving access to the requested information. Access to the requested QuickBooks reports were received on September 8, 2025 and bank statements were provided on September 29, 2025.

Additionally, CLA requested all documentation related to DECD-funded subrecipient grants, including but not limited to any contracts, reports and supporting documentation. As BHCA provided limited information electronically, CLA obtained any other available documentation kept in hard copy during three on-site visits to the BHCA office.

The scope of the original engagement was confined to a review of documents, books, and records maintained by BHCA, and did not include requests for production from any BHCA subrecipients. To accurately determine how BHCA grant funds were ultimately expended, CLA will perform a review of subrecipient documentation as the next phase of the forensic audit, as noted in the Executive Summary section of this report. Although DECD followed its current procedures and policies during the administration of these grants, those procedures are not sufficiently specific to ensure complete visibility into subrecipient-level spending. As part of our recommendations and conclusions, we will emphasize the need for DECD to strengthen its policies to require subrecipient documentation as a standard component of monitoring and compliance.

f. Review of Subrecipient Agreements and Payment Reconciliation

CLA conducted a detailed review of BHCA's subrecipient activity by examining the Memorandums of Understanding ("MOUs") provided by BHCA or identified through email correspondence and comparing them to the funds BHCA reported to DECD as disbursed to its subrecipients. CLA then reconciled these reported disbursements against BHCA's general ledger, bank statements, and ACH records to determine whether the payments made to subrecipients aligned with the expenditures BHCA reported to DECD as the funding agency. While federal regulations—specifically 2 *CFR* § 200.332³ and the cash-management standards in 2 *CFR* § 200.305⁴—require that advance payments

³ 2 *CFR* § 200.332 — *Requirements for Pass-Through Entities*, including subrecipient monitoring, financial oversight, and ensuring compliance with applicable federal statutes, regulations, and award terms.

⁴ 2 *CFR* § 200.305 — *Federal Payment Standards*, requiring that advance payments be limited to immediate cash needs and supported by adequate cash-management controls.

to subrecipients be supported by adequate oversight and cash-management controls, the *Connecticut Guide to Grants Management* contains no comparable requirement for state-funded legislative grantees⁵. As a result, although these practices would conflict with federal grant standards, there is no parallel expectation or restriction for Connecticut legislative grant programs.

Additional procedures included evaluating the accuracy of reported subrecipient information by BHCA, verifying the existence and completeness of supporting documentation, and identifying discrepancies in agreements, payment timing, and reporting. The review further examined operational expenditures and other transactions that could not be directly reconciled to grant activity, as well as issues related to internal controls over payment processing and documentation.

g. Email Review

On July 2, 2025, electronic copies of the email account belonging to Ms. Gallon-Clark, Mr. Sussman, and former finance director Sylvia Noriega, (“Ms. Noriega”), were provided to CLA. The email files were uploaded to a third-party document review platform for review and analysis. On July 25, 2025, additional emails were provided for Ms. Gallon-Clark to cover the expanded scope.

h. Board Minute Review

During the document request process, all regular Board of Directors meeting agendas and minutes were requested from BHCA for the period spanning July 1, 2020 to July 1, 2025. BHCA and the Board of Directors indicated that they were unable to provide a complete record of board documents, as no board records could be located for the period between July 1, 2020 and 2021. Furthermore, the documentation provided by BHCA for meetings held after this period was also incomplete.

4. Results of Forensic Audit

a. Email Review

On July 2, 2025, electronic copies of the email account belonging to former BHCA executive director, former BHCA CFO, and Ms. Noriega, were provided to CLA. The email files were uploaded to a third-party document review platform, Logikcull, for review and analysis.⁶ On July 25, 2025, additional emails were provided for Ms. Gallon-Clark to cover the expanded scope. The total production consisted of 162,039 files and 53.4 GB of data.

⁵ *Connecticut Guide to Grants Management (Sept. 29, 2025)* — No requirement exists for subrecipient reimbursement, cash-management controls on advances, or federal-style monitoring for state-funded legislative grantees.

⁶ Logikcull is a cloud-based eDiscovery software used by CLA to conduct digital evidence review.

The emails were examined using targeted search terms to verify information gathered during interviews, address any gaps in documentation not received directly from BHCA, and identify additional details pertinent to the forensic audit's scope. The findings from this email review are cited throughout the report and included as exhibits.

b. Analysis of Processes, Policies, and Procedures

DECD requested that CLA perform an assessment and evaluation into BHCA's reports, policies and procedures including an evaluation of BHCA's governing structure to ensure that the proper levels of oversight and due diligence were established and were being performed. On June 25, 2025, CLA requested all relevant policies and procedures from BHCA. BHCA provided two documented policies: an accounting policies and procedures manual updated in 2025, and the standard operating procedure ("SOP") for organizational communication.

Through interviews with former BHCA employees and BHCA board members, CLA received conflicting information regarding the importance BHCA placed on documenting policies and procedures. CLA was informed that there were financial policies in place that were updated over the years with help from the auditors; however, BHCA could only provide the 2025 document updated following the wire transfer fraud. As a result, we were unable to determine whether policies and procedures were in place prior to the fraud that could have mitigated or prevented its occurrence. **See Exhibit 03.** A search of the email files was carried out to find previous versions of the policy. An accounting manual created in November 2024 was found, but no earlier versions were identified.

For further guidance, CLA reviewed the FY'24 and FY'25 legislative grant agreements between DECD and BHCA, ("the grant agreement") along with and guidance issued by the State of Connecticut government and the MOU between BHCA and the subrecipients. **See Exhibit 04** for a sample MOU between BHCA and a subrecipient. Analysis on selected policies is included in the relevant sections of this report.

c. Wire Transfer Fraud

DECD requested that CLA conduct an evaluation into the extent and cause of the lost funds and an evaluation into any additional exposure of state and federal financial assistance, including funding to subrecipients. The sequence of events related to the fraudulent wire transfer are outlined below.

- On September 24, 2024, BHCA notified My People Community Services, ("MPCS"), via email that the organization was chosen to receive a grant through legislative funds in the amount of \$300,000.00. On the same day, MPCS confirmed receipt of the email and indicated they would return the required budget, W9 form and ACH authorization form by the end of the week. The email response from MPCS came from email address dpm@mypeople-ct.com, the legitimate email address used by an MPCS employee. **See Exhibit 05.**

Figure 1: September 24, 2024 Email Header

From: Dayeshell Muhammad <dpm@mypeople-ct.com>
Sent: Tuesday, September 24, 2024 9:18 PM EDT
To: Vicki Gallon Clark <clarkv@bluehillscivic.org>
CC: Abdul-Rahmaan Muhammad <arim@mypeople-ct.com>
Subject: Re: Grant Award and Meeting on Thursday, September 26 at 12:15 p.m.
Attachment(s): "DECD Budget Template for Projected Allocations 9-24-24.xlsx", "Untitled attachment 35388.htm"

- On September 27, 2024, Ms. Gallon-Clark received another response from MPCs using the legitimate email address dpm@mypeople-ct.com, with a W9 and budget form attached. **See Exhibit 06** for the email and the attachments. It does not appear that Ms. Gallon-Clark forwarded or replied to this email. Since Ms. Gallon-Clark did not respond to CLA's request for an interview, it is unclear why no action was taken in response to this email.

Figure 2: September 27, 2024 Email Header

From: dpm@mypeople-ct.com <dpm@mypeople-ct.com>
Sent: Friday, September 27, 2024 11:02 AM EDT
To: Vicki Gallon Clark <clarkv@bluehillscivic.org>
CC: Abdul-Rahmaan Muhammad <arim@mypeople-ct.com>
Subject: RE: Grant Award and Meeting on Thursday, September 26 at 12:15 p.m.
Attachment(s): "MPCS W9 9.27.24.pdf", "BHCA Budget Report for My People Community Services FY25.xlsx"

- On October 4, 2024, Mr. Sussman and Ms. Gallon-Clark received what appeared to be another email reply to the September 24th grant award notification. The response contained a budget projection, W9 form, and ACH Authorization form. However, while the RE: in the subject line may indicate that this email was a response to a previous email, there is no original email shown in the chain. Additionally, the email came from the address dpm@mypeoples-ct.com, differing from the address previously used by MPCs to send and receive emails as there is an additional "s" added to the email address domain. **See Exhibit 07** for the email and the attachments.

Figure 3: October 4, 2024 Email Header

From: Dayeshell Muhammad <dpm@mypeoples-ct.com>
Sent: Friday, October 04, 2024 12:42 PM EDT
To: Tom Sussman <sussmant@bluehillscivic.org>
CC: Vicki Gallon Clark <clarkv@bluehillscivic.org>
Subject: RE: Grant Award and Meeting on Thursday, September 26 at 12:15 p.m.
Attachment(s): "BHCA Budget Report for My People Community Services FY25.xlsx", "MPCS W9 9.27.24.pdf", "BHCA ACH Form.pdf"

- Between October 7, 2024 and October 10, 2024, Ms. Noriega wired a total of \$300,000.00 over two transactions from the BHCA Webster Bank account to the account provided in the October 4, 2024 ACH authorization form. **See Exhibit 08.**
- Between December 2, 2024 and December 3, 2024, MPCs informed BHCA they have not yet received any of the legislative grant funds. After reviewing the ACH form and the Webster Bank confirmations, MPCs informed BHCA that the account used was not an account known to MPCs. **See Exhibit 09.**

- Over the next several days, BHCA worked with Webster Bank to attempt to recover the lost funds.
- On December 4, 2024, Mr. Sussman communicated to Ms. Noriega and Ms. Gallon-Clark a summary of a conversation that occurred with MPCs, outlining the events that occurred. Mr. Sussman stated, “these are DECD funds, so I assume that we would need to let them know.” **See Exhibit 10.**
- On the same email chain as listed above, Mr. Sussman indicated BHCA transferred money to MPCs in the previous year. Since Mr. Sussman declined to be interviewed, it is unknown as to why BHCA did not consider the previously provided bank account information prior to wiring the funds to MPCs.⁷ **See Exhibit 11.**
- On December 6, 2024, a police report was filed with the Hartford Police Department, Case # 24-031326.
- On December 9, 2024, Mr. Sussman filed an Internet Crime Complaint Center report with the FBI, FBI Case #288-HQ-C1610517-Identifiers 194. **See Exhibit 12.**
- On December 13, 2024, Webster Bank informed Mr. Sussman that they cannot reimburse BHCA for the fraudulent transfer. **See Exhibit 13.**
- On December 13, 2024, Mr. Sussman emailed Ms. Noriega stating that a disclosure needs to be made to Senator McCrory, DECD, “Accounting”, and Auditors. **See Exhibit 14.**
- On December 23, 2024, BHCA issued a check in the amount of \$300,000.00 to MPCs to replace the funds that were fraudulently transferred.
- On or around January 23, 2025, BHCA informed their attorney at the Crumbie Law Group of the fraud. The attorney advised Mr. Sussman to disclose the fraud to DECD. **See Exhibit 15.**
- On February 6, 2025, BHCA exchanged emails regarding a February 7th meeting with Senator McCrory. Mr. Sussman indicated that there was a “desire to have the Senator approve us reaching out to the DECD on the \$300,000.00 fraudulent transaction.” Ms. Gallon-Clark stated that she recommended the finance director alter financial information to “take out the \$300,000.00 that was fraudulently taken to show an accurate balance.” **See Exhibit 16.**
- On February 7, 2025, Ms. Gallon-Clark met Senator McCrory in person and informed him of the fraudulent transfer.

⁷ DECD informed CLA that BHCA denied previously sending funds to MPCs.

- On February 10, 2025, Ms. Gallon-Clark informed Mr. Sussman and Ms. Noriega that Senator McCrory would like BHCA to “wait until we get the FBI investigative report and then share with the State.” ***See Exhibit 17.***
- On March 19, 2025, Ms. Gallon-Clark informed the BHCA Board of Directors of the fraudulent transfer.
- On March 21, 2025, DECD is made aware of the fraudulent transfer.

i. Wire Transfer Process and Internal Controls

At the time that the fraudulent transfer occurred, BHCA had not implemented any outbound wire transfer or internal controls policies in order to limit the organization’s exposure to potential fraud. Legislative grant subrecipients were directed to submit ACH authorization forms containing bank account details via unencrypted email, without any supplementary security protocols to safeguard the transmitted information. Subsequently, transfers from BHCA were executed to the accounts provided by subrecipients, with no procedures in place to verify the accuracy of the recipient account information.

An updated Accounting Policies and Procedures manual was created in November 2024 as part of the BHCA FY’24 single audit; however, this manual did not contain any policies regarding wire transfers or payment approvals. The internal controls section of this manual emphasizes the significance of establishing internal controls and recommends the implementation of an internal controls policy; however, it does not itself incorporate specific policies or procedures related to internal controls.

Figure 4: Excerpt from the BHCA November 2024 Accounting Policies and Procedures Manual

Internal Controls

BHCA recognizes that having internal controls in place is important to protect its assets, ensure accurate financial reporting, and promote operational efficiency. Internal controls not only support compliance and transparency but also build trust with stakeholders, including donors, board members, and the communities served. Regular evaluation and adaptation of internal control practices will further strengthen the organization's resilience and mission fulfillment.

1. Segregation of Duties

- a. Separate responsibilities among different individuals for key processes, such as:
 - i. Authorization of transactions (e.g., approvals for expenses).
 - ii. Recording of transactions (e.g., bookkeeping).
 - iii. Custody of assets (e.g., handling cash or inventory).
- b. This reduces the risk of errors and fraud by ensuring that no single individual has control over all aspects of a financial transaction.

2. Authorization and Approval Processes

- a. Establish clear policies for authorizing expenditures, including:
 - i. Pre-approval for budgeted expenses.
 - ii. Limitations on spending authority based on position.
 - iii. Documentation of approvals to provide a clear audit trail.

3. Access Controls

- a. Implement controls to restrict access to financial systems and sensitive information. This includes:
 - i. Password protection and user authentication.
 - ii. Limiting access to financial records and assets to authorized personnel only.
 - iii. Regularly reviewing and updating access rights as needed.

After identifying the fraudulent transfer, BHCA revised the Accounting Policies and Procedures Manual in December 2024 to introduce a wire transfer protocol. This process requires an initial \$1.00 transfer followed by verbal confirmation of receipt from the intended recipient. The internal controls section of the updated policy remained unchanged with no approval authority thresholds established.

During CLA's visit to the BHCA office, it was noted that physical ACH approval forms containing subrecipient bank account information were organized in three-ring binders. As the majority of BHCA staff had already departed and only limited personnel were available for interviews at the time, CLA was unable to verify whether these binders were stored securely.

CLA's evaluation revealed that BHCA's lack of outbound wire transfer controls and inadequate safeguarding of sensitive banking information created significant vulnerability to fraud. While the November 2024 Accounting Policies and Procedures manual acknowledged the need for internal controls, it failed to establish concrete policies for wire transfers or approval thresholds. Although BHCA implemented a basic wire transfer verification process after the fraudulent incident, critical gaps persisted, particularly in defining approval authority and securing sensitive documentation. These deficiencies highlight systemic weaknesses in BHCA's financial governance and risk management practices.

ii. Notice to DECD

Section XVI(j) of the legislative grant agreements between DECD and BHCA mandates that the Grantee “shall disclose, to the best of its knowledge, to the State in writing any Claims involving it that might reasonably be expected to materially adversely affect its businesses, operations, assets, properties, financial stability, business prospects or ability to Perform fully under the Agreement, no later than ten (10) Days after becoming aware or after it should have become aware of any such Claims.” Additionally, Section XIV(c) of the agreements states in part “The Grantee and Grantee Parties shall notify DECD and the Connecticut Office of the Attorney General as soon as practical, but no later than twenty-four (24) hours, after they become aware of or suspect that any Confidential Information which Grantee or Grantee Parties have come to possess or control has been subject to a Confidential Information Breach.”

Although there were several acknowledgements by BHCA leadership beginning on December 4, 2024 that DECD should be notified of the fraud, BHCA did not provide this notification until approximately three and a half months later. During the intervening period, BHCA maintained ongoing communications with DECD regarding legislative grants and other funding opportunities. The rationale for BHCA’s delayed disclosure to DECD remains unclear, despite repeated indications that such notification was warranted. CLA was also unable to determine the rationale for informing Senator McCrory prior to DECD.

The provisions in Sections XVI(j) and XIV(c) underscore the BHCA’s obligation to promptly disclose material claims and breaches of confidential information to DECD and other designated authorities. BHCA’s failure to notify DECD within the required timeframe, despite clear contractual mandates and ongoing interactions, represents a significant lapse in compliance. The absence of a documented rationale for the delay, coupled with the decision to inform a legislator prior to DECD, raises concerns regarding adherence to governance standards and transparency expectations outlined in the legislative grant agreements.

Both Mr. Sussman and Ms. Gallon-Clark declined to speak to CLA as part of this forensic audit.

d. Grant Management

i. Grant Reconciliation

CLA performed procedures to reconcile the use of DECD and ARPA grant funds to BHCA’s books and records in accordance with the scope and objectives outlined in the Statement of Work. This included reviewing BHCA’s general ledger, comparing amounts reported as paid to subrecipients to amounts recorded in the general ledger, examining MOUs where available, and tracing payments to bank statements to verify payment. Where discrepancies or gaps in documentation were identified, CLA conducted additional procedures to assess the validity and appropriateness of disbursements by BHCA.

The review also evaluated whether expenditures by BHCA were properly classified and supported in accordance with grant requirements from DECD. However, the absence of invoices and detailed supporting information from certain subrecipients limited the ability to fully substantiate reported expenditures and increased the risk that instances of fraud, waste, or abuse may remain undetected.

Below are the reconciliation results for FY'24 and FY'25. CLA was unable to reconcile the use of grant funds for other fiscal years, as well as the DECD Community Investment Fund grant in FY24, due to insufficient documentation and the absence of detailed information in the general ledger.

Table 4: Reconciliation Results FY'24 Legislative Grant

FY24-Legislative Grant-00012	\$ 5,500,000.00
Paid to Subrecipients	(4,170,000.00)
From DECD Operation Support to Weaver	(225,000.00)
BHCA Operations	(1,100,000.00)
 Additional Subrecipient Payments Not Reported	
Greater Hartford Pro-Am, Inc	(5,000.00)
JADHA Foundation	(5,000.00)
Sign Design and Banners	(500.00)
Paid in Excess of Grant Funding	\$ (5,500.00)

Table 5: Reconciliation Results FY'25 Legislative and ARPA Grants

FY25-Legislative-00004	\$ 5,500,000.00
Paid to Subrecipients	(3,432,000.00)
Loss from Wire Fraud	(300,000.00)
BHCA Operations	(1,258,292.74)
 Additional Subrecipient Payments Not Reported	
Green Egg Design	(25,000.00)
Hartford Stage	(21,833.50)
Hartford Stage - Francine Entertainment & Marketing	(5,000.00)
BM Event	(20,000.00)
Exclusive Linez (Clothing)	(20,000.00)
Unexpended LG Grant Funding	\$ 417,873.76
 FY25-ARPA-0000000012	\$ 1,230,000.00
Paid to Subrecipients	(500,000.00)
Unexpended ARPA Funding	\$ 730,000.00

Table 6: Reconciliation of Funds Returned to DECD

Unexpended LG Grant Funding	\$ 417,873.76
Unexpended ARPA Funding	730,000.00
Unexpended Community Investment Fund Assistance	437,424.68
Total Unexpended Funding	\$ 1,585,298.44
Funds Returned to DECD	\$ 1,554,921.00
Total Minimum Unexpended Funds Not Returned	\$ 30,377.44
BHCA operational Expenses – Not Substantiated as Allowable Grant Expenditures	\$ 1,258,292.75
Total Maximum Unexpended Funds Not Returned	\$ 1,288,292.75

Although CLA was able to reconcile the amounts paid to subrecipients based on the general ledger and bank statements, several issues were identified during this process and are discussed throughout the report. CLA was also unable to verify the amounts reported by BHCA as operating costs due to the absence of supporting documents, calculations, or other information explaining how such costs were determined as discussed in more detail below.

ii. Awarding

CLA was unable to determine the processes for which BHCA granted awards to subgrantees through either documented policy or through interviews. The BHCA board members interviewed stated they were not involved in the grant awarding process, and the former BHCA employees interviewed stated that they either had no visibility into the grant awarding process or did not believe any formal process was in place to determine which entities were chosen to receive funding.

A search on the email files was conducted to identify any information surrounding the process in which grants were awarded. Materials for the January 17, 2024 Board Meeting were found in the files and included a report titled BHCA's Community Partners that Received DECD Funds listing 11 organizations and the amount of funding they would receive from the FY'24 legislative grant. **See Exhibit 18.** These organizations include:⁸

1. Greater Hartford Alliance of Black Social Workers - \$100,000.00
2. CT Harm Reduction Alliance - \$100,000.00
3. Hartford Health Initiative – \$150,000.00
4. My People Clinical and Community Services - \$200,000.00
5. Outreach Realty Services - \$150,000.00
6. SHEBA (Society of Human Engagement & Business Alignment - \$600,000.00

⁸ The amounts listed here are the funds listed in the document referenced and may not represent the total funds that were actually disbursed.

7. The Prosperity Foundation -\$1,100,000.00
8. Upper Albany Neighborhood Collaborative - \$550,000.00
9. University of Hartford - \$250,000.00
10. Wilson Gray YMCA - \$250,000.00
11. YWCA Hartford Region - \$500,000.00

The January 17th Board materials packet also includes a document titled *DECD Funding Overview* stating “Senator McCrory identified the organizations in this packet based upon his experience and knowledge of each agency. He also determined the allocated dollar amount for each agency.” ***See Exhibit 19.***

An email and attachments dated September 26, 2023 communicating a grant award to the Connecticut Harm Reduction Alliance are attached as ***Exhibit 20*** as an example of the communications and instructions that were provided to recipients. In this particular email, Ms. Gallon-Clark states “I am working on the creation of an MOU for our agencies. I will send a draft to you and we can discuss this document more when we meet with Senator McCrory.” Attached to the email is a budget template noting that the budget must be submitted to BHCA prior to the distribution of funds, and that actual expenditures must be submitted at the end of the grant period. Also attached are a W9 form, a list of narrative questions for the subrecipient to submit back to DECD, and an ACH authorization form.

Through interviews, CLA was informed that BHCA may have been distributing funds to subrecipients prior to executing an MOU and receiving any proposed budgets. An email chain occurring in March 2024 between Ms. Gallon-Clark and an attorney at the Crumbie Law Group discusses the creation of the subrecipient MOUs. Ms. Gallon-Clark asks if the MOUs can be backdated to October 6, 2023, stating “Senator McCrory and I met with community partners on 10/6/23.” The email indicates that the former president of the BHCA Board of Directors, JoAnn Price, (“Ms. Price”), made the request and also requested that the draft not be shared with the rest of the Board.⁹ ***See Exhibit 21.*** In subsequent emails within the chain, Ms. Gallon-Clark asks the attorney for revised dates for two subrecipient MOUs, Don’s Kitchen and Berkins Family. The table below illustrates the FY’24 subrecipients, the date they began receiving BHCA funding from the DECD grant, and the effective date of the MOU.¹⁰

⁹ CLA reached out to Ms. Price for an interview but did not receive a response.

¹⁰ The unsigned, original copies of the highlighted MOUs were located attached to an email transmitting the unexecuted contracts from Crumbie Law Group to BHCA. CLA was unable to locate several executed versions of the MOUs as indicated in the table.

Table 7: FY'24 Legislative Grant Subrecipient Disbursement and MOU Dates

FY'24 Subgrantee	Amount	First Disbursement Date	MOU Effective Date
Angel of Edgewood, Inc	\$ 10,000.00	4/12/2024	Unable to Locate
Berkins Family LLC	50,000.00	2/28/2024	3/5/2024
Connecticut Harm Reduction Alliance	100,000.00	11/2/2023	10/6/2023
Don's Kitchen	25,000.00	3/1/2024	3/1/2024
DT Cares	20,000.00	4/12/2024	Unable to Locate
Hartford Health Initiative	150,000.00	10/2/2023	10/6/2023
Hartford Hurricanes	10,000.00	4/8/2024	4/8/2024
Hartford Knights Corp	25,000.00	5/23/2024	Unable to Locate
Hartford Lions Soccer Academy Inc	10,000.00	4/9/2024	4/8/2024
Lift Every Voice and Sing Org.	10,000.00	2/22/2024	5/17/2024
MPact Mentoring Inc.	100,000.00	4/9/2024	4/8/2024
My People Clinical Services, LLC	200,000.00	10/2/2023	10/6/2023
Outreach Realty Servicing	150,000.00	10/2/2023	10/6/2023
S.H.E.B.A Consulting, LLC	600,000.00	10/2/2023	10/6/2023
St. John's Full Gospel Deliverance Church	15,000.00	3/28/2024	4/8/2024
St. Justin- Saint Michael Parish Corp	10,000.00	3/28/2024	4/3/2024
The Prosperity Foundation	1,100,000.00	12/4/2023	3/4/2024
Town of Windsor	15,000.00	4/9/2024	4/8/2024
University of Hartford	250,000.00	12/26/2023	10/6/2023
Upper Albany Neighborhood Collaborative.	550,000.00	10/2/2023	10/6/2023
West Indian Independence Celebrations	20,000.00	6/10/2024	Unable to Locate
Wilson-Gray YMCA	250,000.00	10/2/2023	Unable to Locate
YWCA Hartford Region, Inc	500,000.00	12/20/2023	10/6/2023

\$ 4,170,000.00

Through emails, CLA determined that the highlighted subrecipients in the above table signed backdated MOUs. Because the MOUs were backdated and most signatories did not date their signature, CLA is unable to determine when the majority of MOUs were officially executed. Additionally, CLA was not provided with all MOUs between BHCA and subrecipients and was unable to locate at least seven of the FY'24 subrecipient MOUs, totaling \$490,000.00 of awarded funds. Five subrecipients also received funds prior to the MOU being executed, totaling \$295,000.00 of awarded funds. Additionally, the original MOU with SHEBA Consulting LLC was for \$50,000.00, but this amount was manually changed to \$600,000.00 by Ms. Gallon-Clark. The signatures on the document were undated, leaving uncertainty regarding the approval of the increased amount. *See Exhibit 22.* Three additional payments were made without supporting MOUs or agreements: JADHA Foundation (\$5,000.00), Greater Hartford Pro-Am Inc. (\$5,000.00), and Sign Design and Banners

(\$500.00). Those identified executed MOUs referenced in the table above can be found in **Exhibits 23 – 39**.¹¹

Additionally, according to the instructions given by BHCA, the subrecipients should have been submitting a projected budget prior to receiving the grant funds. While CLA was either provided with or able to independently locate several projected budgets, unless the email to which the budgets were attached was also located, CLA was not able to determine whether the projections were submitted prior to the funds being disbursed. However, funds were disbursed to at least two subrecipients prior to BHCA obtaining their required documents. Hartford Health Initiative emailed their W9, ACH authorization form and budget projections on October 4, 2023, and SHEBA provided their budget on October 5, 2023. **See Exhibit 40 and Exhibit 41.** Disbursements to both subrecipients were initiated on October 2, 2023.

The subrecipients for the FY'25 legislative grant appear to also have been selected by Senator McCrory. An email dated February 26, 2025 from Ms. Gallon-Clark to Mr. Sussman with the subject line "New Recipients of DECD Funding" states "You should have emails that represent funding decisions that were made by Senator McCrory yesterday and today." **See Exhibit 42.**

In addition to the subrecipients identified to receive legislative grant funding directly, certain organizations were designated to receive their allocations through passthrough arrangements from other subrecipients. According to an email dated October 15, 2024, two subrecipients intend to transfer their funds to other specified organizations. Per the email, Upper Albany Neighborhood Collaborative, ("UANC"), would be serving as a passthrough for \$615,000.00 to SHEBA, and Wilson Gray YMCA would be passing through \$25,000.00 to St. John's Gospel Full Deliverance Church. **See Exhibit 43.**

There was no context provided as to why these two organizations, SHEBA and St. John's Gospel Full Deliverance Church, both of which received funds from the FY'24 legislative grant, were designated to receive funds through other subgrantees. An email dated October 9, 2024 from Ms. Gallon-Clark states "Senator McCrory has allocated funds to the YMCA that are designated for St. John's." CLA did not identify any additional context or follow-up discussion. **See Exhibit 44.** An email chain taking place over several days in November 2024 shows that Crumbie Law Group drafted the MOU between UANC and SHEBA. The email also indicates that while BHCA is directing that the funds be passed through to SHEBA, UANC would be the entity responsible for monitoring and grant compliance. Without reviewing the books and records of UANC, the details surrounding the actual transfer of funds and/or monitoring activities cannot be determined. It is unclear as to whether either entity had their own attorney-client relationship with the firm. **See Exhibit 45.** There does not appear to be any communications to DECD regarding these passthrough arrangements.

¹¹ The FY'24 MOU between BHCA and SHEBA has been previously included as **Exhibit 22**.

An email between Crumbie Law Group and BHCA dated October 21, 2024 noted the status of the FY'25 subrecipient MOUs and included draft MOUs for a number of subrecipients that was provided to BHCA. **See Exhibit 46.** Similarly to 2024, these MOUs contained backdated effective dates. The table below lists those subrecipients referenced in the October 21, 2024 email along with the dates their funds were disbursed. While CLA was unable to determine the exact execution date of the MOU's, all MOUs listed below were still unsigned as of October 21, 2024. Notably, the MOU for My People Community Service was still unsigned when the wire transfer fraud occurred on October 4, 2024.

Table 8: Legislative Grant Subrecipients Referenced in the October 21, 2024 Email

FY'24 Subgrantee	Amount	First Disbursement Date	MOU Effective Date
Connecticut Harm Reduction Alliance	100,000.00	10/1/2024	9/30/2024
DT Cares	50,000.00	10/1/2024	9/30/2024
Greater Hartford Festival of Jazz	25,000.00	10/1/2024	9/30/2024
Hartford Help Initiatives	200,000.00	10/1/2024	9/30/2024
Lift Every Voice and Sing Org.	10,000.00	10/1/2024	9/30/2024
Outreach Realty Servicing	75,000.00	10/1/2024	10/10/2024
St. Justin- Saint Michael Parish Corp	10,000.00	10/1/2024	9/30/2024
Town of Windsor	20,000.00	10/1/2024	9/30/2024
Upper Albany Neighborhood Collaborative.	1,500,000.00	10/1/2024	7/1/2024
University of Hartford	175,000.00	10/2/2024	9/30/2024
Berkins Family LLC	50,000.00	10/15/2024	9/30/2024
Mothers United Against Violence	100,000.00	10/16/2024	9/30/2024
Don's Kitchen	24,617.80	10/18/2024	9/30/2024
Wilson-Gray YMCA	350,000.00	10/22/2024	Unable to Locate
My People Community Service	300,000.00	12/20/2024 ¹²	9/30/2024

Once the subrecipients for both FY'24 and FY'25 Legislative Grants were communicated to BHCA by Senator McCrory, it does not appear that BHCA conducted any due diligence into the selected organizations. A review of the email files and the subrecipient documentation did not show any discussions surrounding due diligence practices. CLA performed research on multiple subgrantee organizations to assess if a due diligence check would have identified any issues regarding those entities. St. John's Full Gospel Deliverance Church, ("St. John's"), was an FY'24 subgrantee receiving \$15,000.00 and an organization designated by Senator McCrory to receive legislative grant funds again in FY'25 as a \$25,000.00 passthrough via Wilson-Gray YMCA.

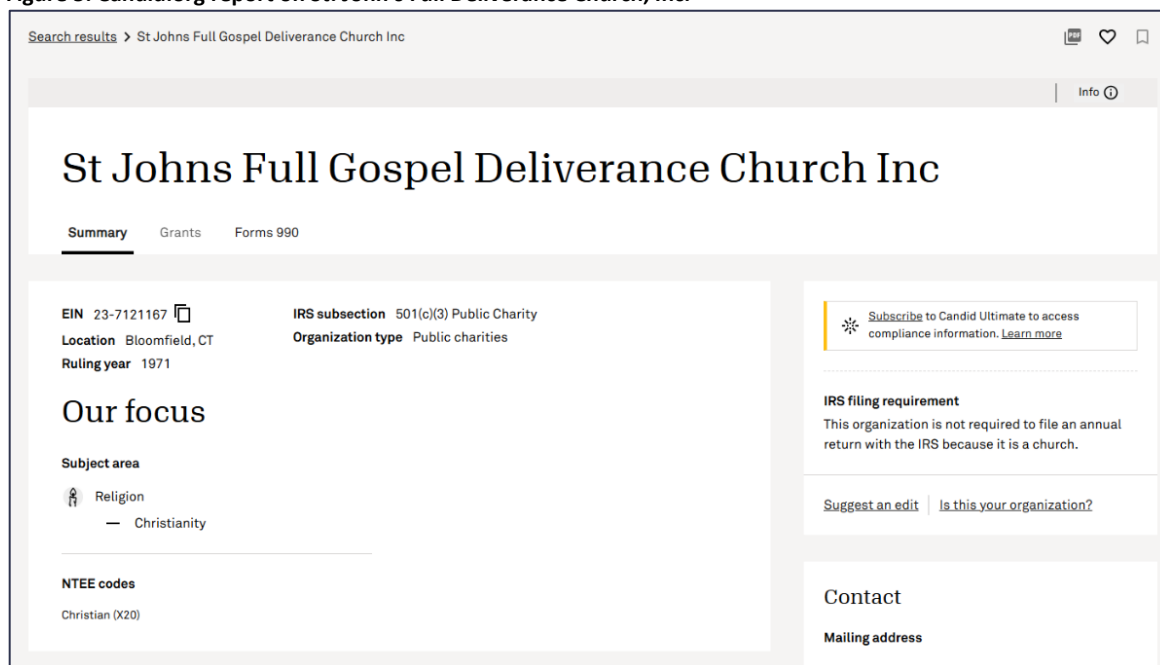
Research shows that the ADDvantage Academy chess program is run by the ADDvantage Framework, LLC, formed in 2018 by Keon Berry, ("Mr. Berry"). The ACH form and W-9 submitted by

¹² The initial attempt to disburse funds to My People Community Service occurred on October 4, 2024. The funds disbursed on December 20, 2024 were transferred after BHCA was made aware of the fraud.

St. John's are signed by John E. Wilson, ("Mr. Wilson"), a leader of St. John's church, listing the contact email drjew1@gmail.com.¹³ However, it does not appear that any correspondence was ever sent or received from Mr. Wilson's email address. All correspondence regarding the legislative funds granted to St. John's was sent to or received from Mr. Berry.

CLA located the ACH and W-9 forms submitted by Mr. Berry on behalf of St. John's for both FY'24 and FY'25. **See Exhibit 47.** Both forms contained the Employer Identification Number, ("EIN"), 27-7121167. Candid.org reports the EIN for St. John's to be 23-7121167.¹⁴ Additionally, a search of Candid.org for 27-7121167 does not return any results.

Figure 5: Candid.org report on St. John's Full Deliverance Church, Inc.



The FY'24 MOU for St. John's does not reference the ADDvantage Framework and includes a signature from Mr. Berry, with the signature page appearing as a photograph attached to the document. **See Exhibit 26, page 8.** An email dated May 14, 2024, containing a jpg attachment of the mentioned signature page, was sent from Mr. Berry at ktorell@icloud.com to Ms. Gallon-Clark. There is no documentation establishing Mr. Berry's connection to St. John's as an authorized signatory.

CLA's review found no evidence of a formal, documented process conducted by BHCA for awarding grants to subrecipients, and interviews confirmed that BHCA board members and staff had little or no involvement or visibility into these decisions. Available documentation and email

¹³ <https://www.sjfg.org/staff/>

¹⁴ Candid.org is a non-profit organization providing data on non-profits and funders.

correspondence indicate that funding allocations were largely determined by Senator McCrory, with BHCA executing disbursements without consistent adherence to required procedures such as obtaining signed MOUs or projected budgets prior to payment. The prevalence of backdated MOUs, missing agreements, and passthrough arrangements lacking transparency further underscore significant governance and compliance deficiencies within BHCA. These practices raise concerns about BHCA's accountability, proper oversight, and adherence to legislative grant requirements.

iii. Monitoring

The 2023 Compliance Supplement to the State Single Audit Act states in part:

A pass-through entity is responsible for (a) identifying to the subrecipient the State award information such as program identification number, proper title of program, and State source of funding, (b) monitoring the subrecipient's activities to provide reasonable assurance that the subrecipient administers State awards in compliance with State requirements, (c) ensuring required audits are performed and requiring the subrecipient to take prompt corrective action on any audit findings, and (d) evaluating the impact of subrecipient activities on the pass-through entity's ability to comply with applicable State regulations.

The individuals interviewed by CLA could not explain what activities occurred as part of the subrecipient monitoring process. The BHCA accounting manual contained brief and high-level policies related to grant management. In the Liability Management section, section 5.a.i states that it is essential to "track spending and reporting requirements" associated with grant funds. Under Compliance and Audit, section 4. Program Compliance the manual states that it should be ensured that programs and services align with the organization's mission and comply with any restrictions set by funders or donors. It further states that this includes maintaining accurate records of grant expenditures and related activities. No guidance is provided on monitoring procedures, cadence or persons responsible for monitoring grant activities.

The standard language included in section 4.g on the MOU's signed by BHCA and their subgrantees stated "BHCA shall conduct an interim site evaluation to determine if Subrecipient is on track relative to stated programs and expenditures." The materials provided to the Board of Directors on the January 17, 2024 meeting contained multiple references to site visits that Ms. Gallon-Clark would be making to subrecipients. The *DECD Funding Overview* document previously referenced in **Exhibit 19** states "BHCA's Executive Director will be making site visits to assess program progress at each community partner agency. The ED will be accompanied by a Financial Consultant who will also review the financial progress/status as it relates to the DECD funds." Another document presented at the January 17th board meeting titled *DECD Community Partner Process* indicates that these visits would occur February – April 2024. **See Exhibit 48**. It does not appear that this document

or any other subrecipient monitoring process were communicated in conjunction with the FY'25 grant.

Within the previously referenced March 2024 email chain discussing MOUs shown in **Exhibit 21**, Ms. Gallon-Clark states that she would be making site visits with the BHCA financial consultant on the afternoon of March 14, 2024. However, CLA did not identify any communications between Ms. Gallon-Clark and the subrecipients or the financial consultant regarding the site visits or any documentation memorializing that the site visits occurred. CLA also did not identify any other references to site visits occurring at any other time during the scope period.

BHCA required subrecipients to submit projected budgets prior to funds being disbursed and actual expenditures at the end of the fiscal year. Based on the documentation CLA was able to obtain, it does not appear that BHCA requested or required any subrecipient to provide substantiating documentation for their expenses. The expense template provided to subrecipients asked the subrecipients to list bucketed expenses, such as total salaries or supplies and materials, along with a narrative and the total amount expended. When subrecipients returned the form with incomplete fields or questionable responses, it does not appear that BHCA followed up with the subrecipient for completion or clarification.

The SHEBA FY'24 year-end grant report was attached to an email dated July 26, 2024. When forwarded to the BHCA financial consultant, Matthew Burry, CPA, he states that these expenses are approximately \$100,000.00 short of the amount granted, asking whether a revision is expected. **See Exhibit 49** for the email and **Figure 6** below for the report.

Figure 6: SHEBA Year End Grant Report, Submitted July 2024

GRANT REPORTING REPORT					
DECD			Youth Empowerment Program		
Budget Code	Description	Budget Narrative	Projected Amount	Actual	Balance
BCHA-100	Exec/CEO Salary	\$60.097(x)2080hrsx26wks	\$ 125,000.00		
	Salaries-Admin. Staff	\$13.22(x)2080hrsx26wks	\$ 27,500.00		
BCHA-101	Employee Benefits	\$284.62(x)5eesx(x)26 weeks	\$ 37,000.00		
	Payroll Taxes	\$384.62(x)5eesx(x)26 weeks	\$ 50,000.00		
	Other Personnel Expenses				
BCHA-102	Salaries-Program Staff	\$15.63(x)2080hrsx26wks	\$ 32,500.00		
	Non-employee contracted services-Administrative				
	Non-employee contracted services-Programmatic	\$12,500(x)4qtrs	\$ 50,000.00		
	Other Contracted Services				
BCHA-103	Salaries-Technical Staff	\$15.63(x)2080hrsx26wks	\$ 32,500.00		
	Non-employee contracted services-Technical	\$6250(x)4qtrs	\$ 25,000.00		
	Telecommunications				
BCHA-104	Salaries - Other				
	Occupancy costs (lease, mortgage, utilities, insur.	\$1041.67(x)12	\$ 10,500.00		
BCHA-105	Marketing,Publicity,Advertising		\$ 30,000.00		
	Supplies and Materials	\$12500(x)4qtrs	\$ 10,000.00		
BCHA-106	Postage & Shipping				
	Travel & Meetings	\$5000(x)4qtrs	\$ 20,000.00		
BCHA-107	Bonuses				
	Other-not covered above	50 - \$1000 scholarships and/or gra	\$ 50,000.00		
	Total				
			\$ 500,000.00		

The above spreadsheet supplied by SHEBA on July 26, 2024 included a tab with bank account details that appeared to be organized to closely align with the amounts shown in the report.¹⁵ Following a review of the transactions, several questions have been raised by CLA concerning the accuracy of certain charges.

For example, the grant report indicates that \$50,000.00 was spent on 50 \$1,000.00 scholarships or grants. However, the bank account detail provided by SHEBA lists the following transactions making up \$49,916.59:

Table 9: Select Transactions from original SHEBA Grant Report

Date	Account	Description	Amount
08/11/2023	SHEBA Consulting PAYROLL ACCOUNT - x1595	DREXELUMAINBKST 33RD + CHESTNUT MCA PHILADELPHIA PA(3109	\$ (669.20)
08/18/2023	SHEBA Consulting PAYROLL ACCOUNT - x1595	DREXELUMAINBKST 33RD + CHESTNUT MCA PHILADELPHIA PA(3109	\$ (47.85)

¹⁵ It is not evident whether this bank account information was provided to BHCA by SHEBA intentionally.

Date	Account	Description	Amount
08/24/2023	SHEBA Consulting PAYROLL ACCOUNT - x1595	DREXELUMAINBKST 33RD + CHESTNUT MCA PHILADELPHIA PA(3109	\$ (486.14)
03/08/2024	SHEBA Consulting PAYROLL ACCOUNT - x1595	SOEBROWN SCHOLA 56 POQUONOCK AVE WINDSOR CT(3109	\$ (1,554.40)
06/17/2024	SHEBA Consulting Operating Account - x8871	Check 1112	\$ (9,159.00)
07/12/2023	SHEBA Consulting Operating Account - x8871	non cust Maurice Morgan 2nd 1051	\$ (5,000.00)
08/01/2023	SHEBA Consulting Operating Account - x8871	Over Counter Check 1053	\$ (5,000.00)
08/01/2023	SHEBA Consulting Operating Account - x8871	Over Counter Check 1054	\$ (9,000.00)
11/01/2023	SHEBA Consulting Operating Account - x8871	Over Counter Check 1070	\$ (4,000.00)
11/20/2023	SHEBA Consulting Operating Account - x8871	Over Counter Check 1078	\$ (8,000.00)
12/18/2023	SHEBA Consulting Operating Account - x8871	Over Counter Check 1084	\$ (7,000.00)

\$ (49,916.59)

The financial records provided by SHEBA directly contradict the grant report's assertion that \$50,000 was distributed as 50 scholarships of \$1,000 each. Instead, the bank detail shows a series of large, irregular transactions, including multiple "over counter" checks¹⁶ and payments unrelated to scholarships, totaling \$49,916.59. The absence of documentation identifying scholarship recipients, combined with these questionable disbursements, strongly suggests that the funds were not used for their intended purpose. This pattern reflects serious misrepresentation and potential misuse of public grant funds, raising significant concerns about compliance and accountability, and without inspecting the books and records for SHEBA, it is not possible to determine the ultimate recipient or purpose of the checks.

Other questionable transactions include five charges to Netflix under Marketing, Publicity and Advertising; many charges to retailers such as Amazon, At Home, Best Buy, BJ's Wholesale, Target, Walgreens and Walmart; a total of \$120,439.00 in checks to unknown recipients, including those listed above; and what appears to be a \$7,748.00 payment on a Discover credit card.

The revised FY'24 grant report submitted subsequent to the July 26th version shown in Figure 7 reports vastly different amounts:

Figure 7 below shows the year-end grant report submitted by SHEBA, unsigned and with incomplete narratives provided.

¹⁶ An over counter check is a check obtained from a bank without a pre-printed name or address.

Figure 7: SHEBA FY'25 Year End Grant Report

BLUE HILLS CIVIC ASSOCIATION					
GRANT REPORT					
Source of grant funds:		CT Dept. of Economic and Community Dev.			
Grant identifying number:		11000-ECD46830-16275			
Please report total expenditures through June 30, 2024 under this grant program, and provide the name, title, and date of the individual certifying this report below:					
Name of organization:		SHEBA			
Description	Narrative	Expended			
Ex.: <i>Administrative Staff</i>					
Exec/CEO Salary					
Salaries-Admin. Staff		\$ 125,000.00			
Salaries-Program Staff		\$ 86,895.72			
Salaries-Technical Staff					
Salaries-Other (explain)		\$ 29,544.44			
Employee Benefits					
Payroll Taxes		\$ 86,895.72			
Bonuses					
Other Personnel Expenses (explain)					
Non-employee contracted services-Administrative	Zenefits	\$ 3,416.82			
Non-employee contracted services-Programmatic	Accountant services	\$ 1,371.58			
Non-employee contracted services-Technical		\$ 39,829.41			
Other Contracted Services (explain)	seurity	\$ 6,025.40			
Occupancy costs (lease, mortgage, utilities, insur.)					
Marketing, Publicity, Advertising					
Supplies and Materials		\$ 91,534.11			
Telecommunications		\$ 19,400.75			
Postage & Shipping					
Travel & Meetings		\$ 20,003.93	good		
Other-not covered above (explain)		\$ 91,193.40			
Total		\$ 601,111.28	Total is over budget		
By providing my name below, I certify that, to the best of my knowledge, the expenditures reported above are true, accurate, and complete:					
Name of responsible individual:					
Title of responsible individual:					
Date of report:					

It does not appear that the differences in the amounts reported were questioned by BHCA, nor was any supporting documentation requested or provided.

Figure 8: CLA Comparison of Original and Revised SHEBA Grant Reports

	Description	Narrative	Original	Revised
Ex.:	<i>Administrative Staff</i>			
	Exec/CEO Salary		\$ 125,000.00	
	Salaries-Admin. Staff		\$ 27,500.00	\$ 125,000.00
	Salaries-Program Staff		\$ 82,500.00	\$ 86,895.72
	Salaries-Technical Staff		\$ 57,500.00	
	Salaries-Other (explain)			\$ 29,544.44
	Employee Benefits		\$ 37,000.00	
	Payroll Taxes		\$ 50,000.00	\$ 86,895.72
	Bonuses			
	Other Personnel Expenses (explain)			
	Non-employee contracted services-Administrative	Zenefits		\$ 3,416.82
	Non-employee contracted services-Programmatic	Accountant services		\$ 1,371.58
	Non-employee contracted services-Technical			\$ 39,829.41
	Other Contracted Services (explain)	seuritcy		\$ 6,025.40
	Occupancy costs (lease, mortgage, utilities, insur.)		\$ 10,500.00	
	Marketing, Publicity, Advertising		\$ 30,000.00	
	Supplies and Materials		\$ 10,000.00	\$ 91,534.11
	Telecommunications			\$ 19,400.75
	Postage & Shipping			
	Travel & Meetings		\$ 20,000.00	\$ 20,003.93
	Other-not covered above (explain)		\$ 50,000.00	\$ 91,193.40
	Total		\$ 500,000.00	\$ 601,111.28

In another example of a lack of oversight, the year-end grant report submitted by The Prosperity Foundation for FY'24 shows that of the \$1,100,000.00 they were granted from BHCA, only \$328,124.00 was expended, leaving \$771,876.00 of unspent funds. See Figure 9 below.

Figure 9: The Prosperity Foundation FY'24 Year End Grant Report

BLUE HILLS CIVIC ASSOCIATION			
GRANT REPORT			
Source of grant funds:		CT Dept. of Economic and Community Dev.	
Grant identifying number:		11000-ECD46830-16275	
Please report total expenditures through June 30, 2024 under this grant program, and provide the name, title, and date of the individual certifying this report below:			
Name of organization:		<i>The Prosperity Foundation</i>	
Hartford Knights Corp.			
Description	Narrative	Expended	
<i>Ex.: Administrative Staff</i>			
Exec/CEO Salary			
Salaries-Admin. Staff			
Salaries-Program Staff			
Salaries-Technical Staff			
Salaries-Other (explain)			
Employee Benefits			
Payroll Taxes			
Bonuses			
Other Personnel Expenses (explain)			
Non-employee contracted services-Administrati	grant writer and manager	\$ 19,750.00	underbudget
Non-employee contracted services-Programmat	Strategic planning workshops	\$ 274,000.00	
Non-employee contracted services-Technical			
Other Contracted Services (explain)	Auditing and 990 filing + accounting bookkeeping	\$ 16,103.00	Underbudget
Occupancy costs (lease, mortgage, utilities, insur.)			
Marketing, Publicity, Advertising		\$ 11,700.00	underbudget
Supplies and Materials			
Telecommunications			
Postage & Shipping			
Travel & Meetings	Conferences & convenings	\$ 6,571.00	underbudget
Other-not covered above (explain)			
Total		\$ 328,124.00	grant was 1,100,000 underbudget
By providing my name below, I certify that, to the best of my knowledge, the expenditures reported above are true, accurate, and complete:			
Name of responsible individual:			
Title of responsible individual:			
Date of report:			

Section 4.i of the MOU signed by the subrecipients states “At the end of the Term, Subrecipient shall return any and all unexpended Grant Funds to BHCA within ten (10) business days.” An August 6, 2024 email from the financial consultant points out the underspend to Ms. Gallon-Clark, stating “Blue Hills will need to follow up with TPF on their plans and timeline to spend down those remaining funds.”¹⁷ **See Exhibit 50.** On August 16, 2024, the financial consultant emails Ms. Gallon-Clark again, stating in part “The most important item needing follow up is Prosperity Foundation’s

¹⁷ The MOU dictates that “Grant Funds shall be expended for the project or projects as set forth in Appendix A according to the budget and within the Term unless a written request for a change is made and approved by BHCA before the end of the Term. The Term for the FY’24 legislative grants was July 1, 2023 through June 30, 2024.

unexpended funds – is there any update on this since our discussion with Orsellia on Monday?” **See Exhibit 51.**

Additionally, Section V of the legislative grant agreement between DECD and BHCA states in part “Grants funds will be expended for the project as described in Section I according to the application budget and within the period of the Agreement *unless a written request for a change is made and approved by DECD before the end date of the agreement.*” (Emphasis added). DECD confirmed that a written request was not provided from either BHCA or The Prosperity Foundation, and that the first notification they received that The Prosperity Foundation had unspent funds was on the BHCA FY’24 Final Report, submitted to DECD on August 13, 2024. **See Exhibit 52.** The final report submitted to DECD by BHCA indicated that The Prosperity Foundation retained an unspent balance of \$450,000. However, this figure is inconsistent with the communications and documentation found in the BHCA email archives, which reference an underspend amounting to \$771,876.00. The report to DECD also states that a formal plan is in place for The Prosperity Foundation to address their unspent funds; however, no documentation was identified to substantiate this claim. Additionally, no documentation was provided to show that either DECD or BHCA requested that these unspent funds be returned.

On November 12, 2024, Ms. Gallon-Clark forwarded an updated report to Mr. Sussman asking if it would suffice “for what we need from an auditing perspective.” **See Exhibit 53** for the email and **Image 10** below for the report.

Figure 10: The Prosperity Foundation FY'24 Year End Grant Report – Updated November 2024

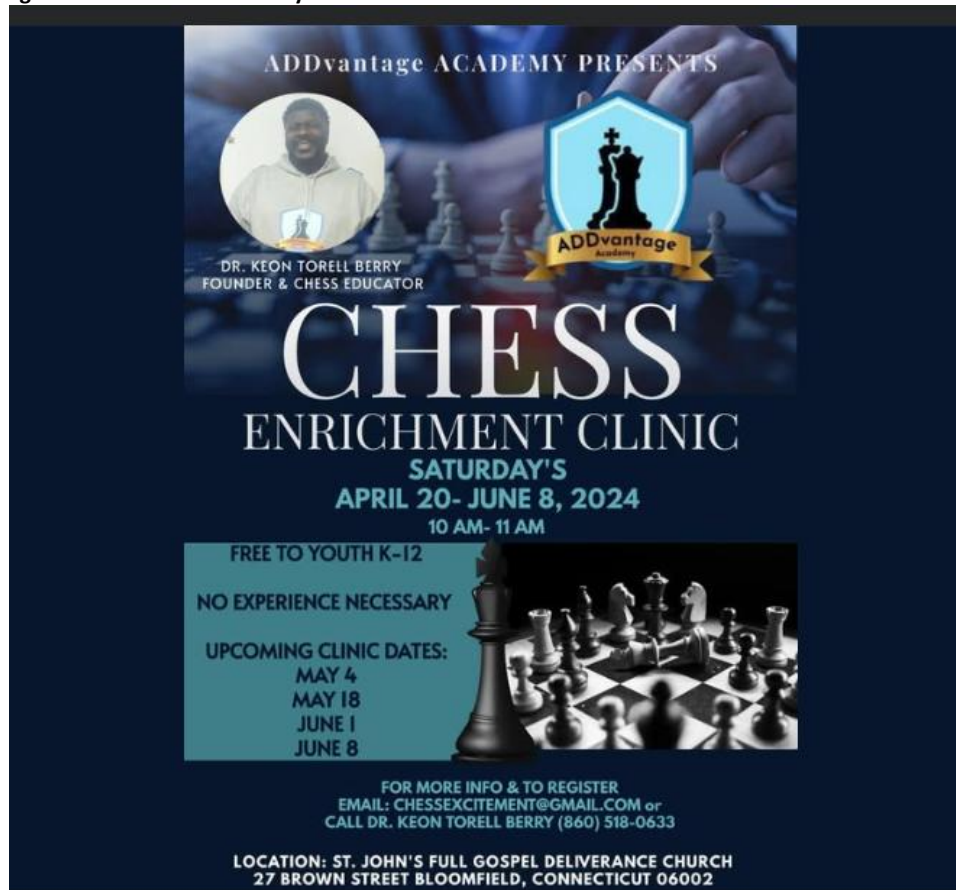
GRANT REPORTING REPORT		
Step #1: Before the grant is received please submit the following PROJECTIONS:		
Description	Budget Narrative	Allocated Amount
Salaries - COO	Full Time (40 hours/week)	\$ 60,000.00
Salaries-Admin. Staff	Full Time (40 hours/week)	\$ 55,000.00
Legal Services		\$ 100,000.00
Employee Benefits	For 3 Employees (Employer 50%)	\$ 35,000.00
Payroll Taxes		\$ 20,000.00
Program Services	Statewide Grantmaking	\$ 300,000.00
Contract Svcs	Strategic Planning Workshops	\$ 274,000.00
Contract Svcs	Marketing & Branding	\$ 80,000.00
Contract Svcs	Grant Writer & Manager	\$ 85,000.00
Contract Svcs	Independent IT Support	\$ 10,000.00
Accounting	Bookkeeping/Accounting/Audit	\$ 35,000.00
Events	Conferences & Convenings	\$ 46,000.00
Total		\$ 1,100,000.00
Step#2 Please submit ACTUAL EXPENDITURES AT THE END OF THE GRANT PERIOD		
Description	Budget Narrative	Expenditures
Legal Services		\$ 100,000.00
Auditing Services	Auditing and 990 Filing	\$ 37,500.00
Contract Services	Strategic Planning Workshops	\$ 274,000.00
Contract Services	Marketing & Branding	\$ 80,000.00
Contract Services	Grant Writer & Manager	\$ 85,000.00
Accounting Svcs.	Bookkeeping/Accounting	\$ 13,603.00
Events	Conferences & Convenings	\$ 59,897.00
Program Services	Statewide Grantmaking	\$ 450,000.00
Total		\$ 1,100,000.00

The amounts reported on November 12, 2024 increased significantly from those reported in August 2024, with the grant writer and manager expense increasing from \$19,750.00 to \$85,000.00, the accounting and bookkeeping expense increasing from \$16,103.00 to \$37,500.00, and marketing and branding increasing from \$11,700.00 to \$80,000.00. The Prosperity Foundation did not provide BHCA with documentation to substantiate any of these increased expenses, nor do the available records indicate that BHCA questioned or attempted to validate the basis for these revisions. Further, CLA did not observe any unspent funds being returned to BHCA. In the absence of supporting records, CLA was unable to verify how these funds were used or whether the reported expenditures were allowable, reasonable, or actually incurred.

Research was conducted to ascertain whether any program monitoring occurred related to the St. John's grant discussed in the above section and whether the chess program occurred as described in the budget submitted by Mr. Berry at the beginning of the FY'24 legislative grant process. The submitted budget totaling \$15,000 for the ADDvantage Academy chess program listing expenses including but not limited to \$7,000 for a program manager, \$325 for an LLC license, \$1,000 for transportation and \$2,500 for chess boards and clocks. **See Exhibit 54.** A post on Mr. Berry's

Facebook page¹⁸ advertises a chess enrichment program occurring over four dates in 2024 taking place at St. John's. The ad lists Mr. Berry as the founder and educator.

Figure 11: Post from Mr. Berry's Facebook Account

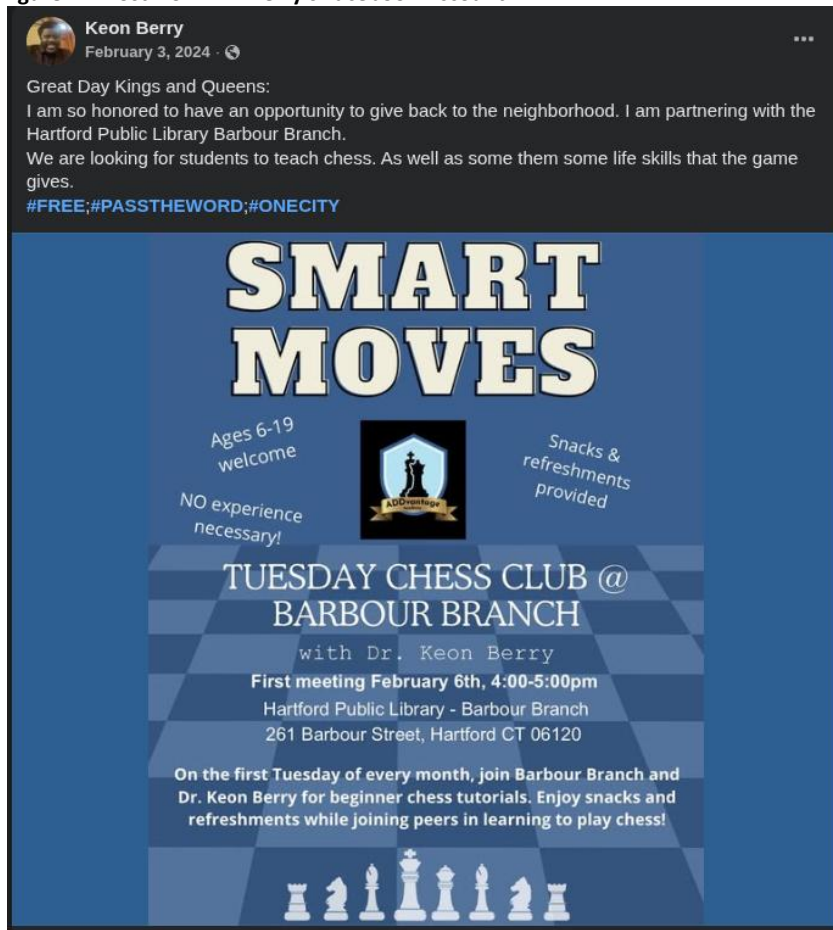


Only one other chess program was identified within the FY'24 legislative grant scope period. On February 3, 2024, Mr. Berry advertised a once-a-month chess club beginning that same month taking place at the Hartford Public Library; however, this program was established prior to the signing of the MOU and the disbursement of grant funds.¹⁹

¹⁸ <https://www.facebook.com/keon.berry.568>

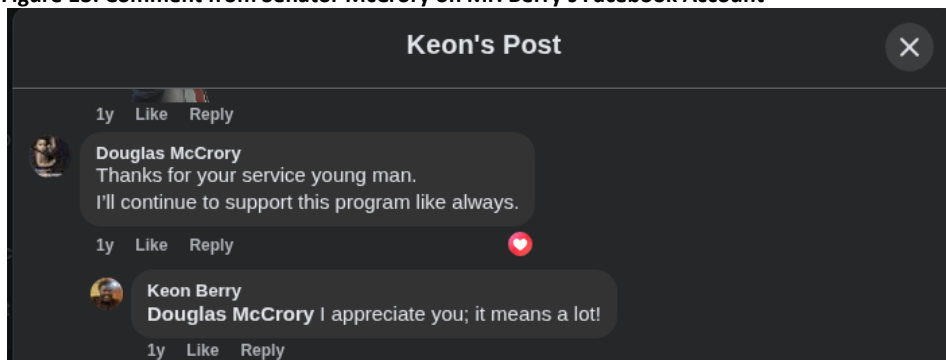
¹⁹ This is the first mention of any chess program on Mr. Berry's social media.

Figure 12: Post from Mr. Berry's Facebook Account



A comment on this post made by an account appearing to belong to Senator McCrory states that the senator will continue to support this program. Emails indicate that the grant was awarded to St. John's shortly after.

Figure 13: Comment from Senator McCrory on Mr. Berry's Facebook Account



The grant report submitted by Mr. Berry at the end of the grant period matched exactly the initial projected budget that was submitted earlier that year. Since BHCA did not require substantiating documentation to support the expenses, it is unclear as to the purpose of the \$1,000 transportation

cost as Mr. Berry's social media indicates that he lives in the Hartford area. There is also no mention of program t-shirts or promotional items in his advertisements. In his social media posts, Mr. Berry does indicate that breakfast would be provided at the chess events; however, food and beverages are not included in the projected budget or the final expenses. The final report submitted by Mr. Berry also states "North end of Hartford has a higher concentration of poverty, with related food-insecurity. Funding was used to provide food and refreshments to individuals affected by this plight," but it does not appear that the discrepancy between the narrative and the final expenses were ever questioned. **See Exhibit 54.**

The review of BHCA's subrecipient monitoring and reporting practices reveals substantial gaps in oversight, documentation, and follow-through. Although policies and agreements reference the need for site evaluations, accurate recordkeeping, and the return of unspent funds, there is little evidence that these requirements were consistently implemented or enforced. The lack of clear procedures, incomplete documentation, and insufficient follow-up on discrepancies and unsubstantiated expenses undermined the integrity of the grant management process. Additionally, the 2024 independent auditor's report for BHCA identified a significant deficiency in subrecipient monitoring, noting that BHCA failed to obtain audit reports from its subrecipients.²⁰ These findings highlight the need for BHCA to establish more robust monitoring protocols, ensure thorough documentation, and actively address compliance issues to fulfill its responsibilities as a pass-through entity and safeguard the proper use of grant funds.

e. Review of Subrecipient Agreements and Payment Reconciliation

CLA reviewed the MOUs provided by BHCA or identified through email for the FY'24 and FY'25 legislative grant awards and compared them to the expenditures BHCA reported to their auditor for each of these years. These were then compared to BHCA's general ledger and bank statements and/or ACH reports to identify inconsistencies between reported and actual payments, as well as instances where expenditures were made before MOUs were executed. The review also indicated that grant funds were disbursed to subrecipients in advance rather than on a reimbursement basis.


On September 14, 2023, and October 11, 2023, the State of Connecticut transferred \$1,375,000.00 and \$4,125,000.00 to BHCA, respectively, fulfilling the total FY'24 Legislative Grant award of \$5,500,000.00 executed on August 30, 2023. CLA reviewed the summary prepared by BHCA titled '2024 Grant Revenues – Subrecipient Detail' obtained from our email review and compared it with supporting documents such as MOUs, ACH forms, and grant reports. **See Exhibit 55.**

²⁰ Blue Hills Civic Association, Inc., *Audited Financial Statements for the Years Ended June 30, 2024 and 2023, with Independent Auditors' Report and Reports in Accordance with Government Auditing Standards and the State Single Audit Act*, prepared by FML CPAs, issued January 27, 2025.

i. **Missing MOU’s and Discrepancies in Reported Subrecipient Payments**

BHCA reported a total of 23 subrecipients who received a total of \$4,170,00.00 of the FY24 Legislative funds. This included seven subrecipients lacking MOUs. One of these seven, Angel of Edgewood, received a payment of \$30,000.00 on April 12, 2024 according to the bank statement, however, only \$10,000.00 was recorded in the general ledger and reported by BHCA as paid. The bank statement shows a credit with the description “ACH CHARGEBACK RETURN RETIRE 0068,” for \$20,000.00 dated April 15, 2024, which may indicate a return of excess funds, but this could not be confirmed solely from the statements. *See Exhibit 56.*

Figure 14 - Bank Statement Detail - Angel of Edgewood and Chargeback

 WebsterBank[®]

April 2024

Reporting Activity 04/01 - 04/30

Page 4 of 6

PLATINUM BUSINESS ANALYZED - XXXXXX9383 (continued)

Transaction Activity (continued)

Transaction Date	Description	Debits	Credits	Balance
04/12/2024	BLUE HILLS CIVIC DT & Angel BLUE -SETT-A247OBS	-\$30,000.00		\$694,520.12
04/15/2024	ACH CHARGEBACK RETURN RETIRE 0068		\$20,000.00	\$714,520.12

ii. **The Prosperity Foundation (“TPF”) Discrepancies and Other Matters Noted**

a. Funds awarded to TPF

TPF was awarded \$1.1 million by BHCA from the FY’24 Legislative Fund Grant; however, the final report BHCA submitted to DECD indicated that \$1.3 million had been disbursed to this organization in FY’24. Separately, an unrelated MOU between the State of Connecticut and The Prosperity Foundation, Inc. (North Hartford Collaborative Partnership Project) was executed on January 17, 2024, for an amount not to exceed \$3.5 million. This CIF award was independent of BHCA and is not connected to any BHCA-administered grant funds.

Table 10: Listing of BHCA Grant Revenues for FY24

Grant Revenues	Jul '23 - Jun 24	Subrecipients
Capital Workforce Partners	\$ 696,026.22	No
City of Hartford	\$ 624,351.97	No
Connecticut Children's Medical Center	\$ 81,515.56	No
CT Office of the state Comptroller	\$ 75,000.00	No
Department of Economic and Community Deve	\$ 7,115.00	No
Distribution DBA Eversource	\$ 50,000.00	No
Evelyn W. Preston Fund	\$ 17,000.00	No
Hartford Foundation for Public Giving	\$ 36,500.00	No
Hispanic Federation	\$ 100,000.00	No
Judicial Branch	\$ 20,880.00	No
Legacy Foundation of Hartford	\$ 250,000.00	No
Roger Williams University	\$ 2,000.00	No
State of Connecticut (c)	\$ 5,500,000.00	Yes
The Nellie Mae Education Foundation, Inc	\$ 107,000.00	No
Trinity Health	\$ 3,545.92	No
United Way of Central & Northeastern Conn	\$ 22,500.00	No
YWCA	\$ 11,250.00	No
TOTAL	\$ 7,604,684.67	

b. Funds awarded from TPF to BHCA

Additionally, email review also indicated that BHCA received \$60,000.00 in grant funds *from* TPF, which were not included in BHCA's reported total grant revenues of \$7.6M to DECD. **See Exhibit 57.** The award letter indicates the funds would be distributed in two payments; \$30,000 on November 30, 2024 and \$30,000 on May 15, 2024. However, communications indicate that BHCA did not appear to be aware of what happened to the second \$30,000 payment. On November 14, 2024, a spreadsheet titled *2024 Grant Receipts and Expenditures* was communicated between Mr. Sussman and the firm conducting the BHCA annual audit, shown in part in **Figure 15** below.²¹ This spreadsheet indicates that as of the end of FY'24, BHCA only recorded \$30,000 as received from the grant.

²¹ **See Exhibit 58** for the complete document.

Figure 15: 2024 BHCA Grant Recipient and Expenditures, *emphasis added*

BHCA					
2024 Grant Receipts and Expenditures					
For the 12 Months Ending June 30, 2024					
			Amount in		
			Accounts		
			Receivable Account		
			@ 6/30/24		
Grant Source	Grant Amount	Amount Received		Amount Spent	Amount Not Spent
State of Connecticut (DECD)	\$ 5,500,000.00	\$ 5,500,000.00	\$ -	\$ 5,500,000.00	\$ -
Capital Workforce Partners	\$ 696,026.22	\$ 681,026.22	\$ 15,000.00	\$ 696,026.22	\$ -
City of Hartford (ENP, KOL, NESC)	\$ 331,851.97	\$ -	\$ 42,210.12	\$ 331,851.97	\$ -
Legacy Foundation of Hartford	\$ 250,000.00	\$ 250,000.00	\$ -	\$ 250,000.00	\$ -
City of Hartford (Community Weaver)	\$ 232,500.00	\$ 232,500.00	\$ -	\$ 232,500.00	\$ -
The Nellie Mae Education Foundation, Inc	\$ 107,000.00	\$ 102,000.00	\$ 5,000.00	\$ 107,000.00	\$ -
Hispanic Federation	\$ 100,000.00	\$ 75,000.00	\$ 25,000.00	\$ 100,000.00	\$ -
Connecticut Children's Medical Center	\$ 81,515.56	\$ 81,515.56	\$ -	\$ 81,515.56	\$ -
CT Office of the State Comptroller	\$ 75,000.00	\$ 75,000.00	\$ -	\$ 75,000.00	\$ -
Hartford UNITY (NESC)	\$ 60,000.00	\$ 60,000.00	\$ -	\$ 60,000.00	\$ -
The Prosperity Foundation	\$ 60,000.00	\$ 30,000.00	\$ 30,000.00	\$ 35,000.00	\$ 25,000.00
Hartford Foundation for Public Giving	\$ 52,050.00	\$ 52,050.00	\$ -	\$ 38,119.18	\$ 13,930.82
Eversource	\$ 50,000.00	\$ 50,000.00	\$ -	\$ 50,000.00	\$ -
United Way of Central & Northeastern Conn	\$ 37,500.00	\$ 37,500.00	\$ -	\$ 37,500.00	\$ -
State of CT - Judicial Branch	\$ 20,880.00	\$ 20,880.00	\$ -	\$ 20,880.00	\$ -
Evelyn W. Preston Fund	\$ 17,000.00	\$ 17,000.00	\$ -	\$ -	\$ 17,000.00
YWCA Hartford Region	\$ 11,250.00	\$ 11,250.00	\$ -	\$ 11,250.00	\$ -
BHCA	\$ 7,250.00	\$ 7,250.00	\$ -	\$ 7,250.00	\$ -
Deposit	\$ 6,250.00	\$ 6,250.00	\$ -	\$ 6,250.00	\$ -
Trinity Health	\$ 3,545.92	\$ 3,545.92	\$ -	\$ 3,545.92	\$ -
To recognize Revenue for FY24 CIF Expenditures	\$ 2,121.40	\$ 2,121.40	\$ -	\$ 2,121.40	\$ -
Roger Williams University	\$ 2,000.00	\$ 2,000.00	\$ -	\$ 2,000.00	\$ -
CT Project	\$ 2,000.00	\$ 2,000.00	\$ -	\$ 2,000.00	\$ -
Total	\$ 7,705,741.07	\$ 7,298,889.10	\$ 117,210.12	\$ 7,649,810.25	\$ 55,930.82
				Restricted Net	
Trial Balance Amount	\$ 7,705,741.07	NA	\$ 117,210.12	Assets -->	\$ 55,930.82
Difference	\$ -		\$ -		\$ -

This is consistent with several communications identified regarding the funds. A document titled *General Ledger & Related Reporting – Draft for Discussion* was sent from Mr. Sussman to Ms. Noriega on October 25, 2024 using the TPF grant to BHCA as an example of poor revenue recording practices at BHCA. In the document, Mr. Sussman notes “This should be a leading indicator that the finance team is missing supporting documentation – e.g., it’s possible that we only recorded \$30k of \$60 from the Prosperity Foundation – this is just a hypothesis at this time, but may become something as the information is prepared for the auditors.” **See Exhibit 59.** On November 4, 2024, Mr. Sussman indicated they still did not know the whereabouts of the second \$30,000 grant payment, directing Ms. Noriega to reach out to TPF for more information. **See Exhibit 60.** However, on that same day, BHCA transmitted a final grant report to TPF that accounted for the \$60,000, stating that the entire grant had been spent by the end of the fiscal quarter ending July 1, 2024. This report differs from the *2024 Grant Recipients and Expenditures* report, which shows \$25,000 of the \$60,000 grant remained unspent as of June 30, 2024, indicating an inconsistency in the accounting records and suggests the possibility that the report was intentionally falsified to conceal the missing funds. More broadly, this inconsistency is indicative of BHCA’s inadequate recordkeeping, lack of reliable financial documentation, and overall absence of accountability for the stewardship and use of grant funds. Such conflicting reports reflect systemic weaknesses in BHCA’s internal controls and further undermine confidence in the integrity of its grant management practices.

iii. Unreconciled Expenses

An additional \$1.105 million in BHCA operating costs could not be directly reconciled to specific grant expenditures recorded in the general ledger due to a lack of supporting documentation. However, a review of the trial balance and general ledger for the period July 1, 2023 through June 30, 2024 indicated that BHCA incurred total expenditures of \$7.75 million in FY24, an increase of \$4.3 million from FY23, which may include this unreconciled amount. Grant agreements require clear, auditable links between disbursements and approved uses of funds. When documentation is insufficient to confirm how funds were applied, it creates uncertainty about compliance with grant terms and undermines the reliability of financial reporting. Proper reconciliation and documentation are essential to demonstrate accountability and satisfy reporting requirements.

BHCA also reported an additional \$225,000.00 for "Weaver High School Programs." Transactions were included in the reported revenue and expenditures schedule for "Weaver High School" related to DECD support, with amounts netting to zero in both revenue and expenditure accounts. The actual expenditures incurred for this program could not be determined or tied to entries in the general ledger.

iv. Subrecipient Reporting Omissions, MOU Deficiencies, and Unapproved Use of Grant Funds

On August 29, 2024, the State of Connecticut transferred \$5,500,000.00 to BHCA, fulfilling the full award amount under the FY'25 Legislative Grant executed on August 26, 2024. CLA reviewed the summary titled 'DECD – BHCA FY'25 Grant Revenues and Expenditures' obtained from our email review and compared it against the referenced documents.

According to the supporting documentation reviewed, four of the 32 subrecipients receiving payments totaling \$551,847.15 were not reported by BHCA as subrecipients. Of these, one, YWCA Hartford Region, Inc., had a signed MOU. The other three (HEDCO, Inc., Hartford Lions Soccer Academy Inc. and REV Part) did not have an FY'25 MOU. Notably, HEDCO Inc. was awarded \$25,382.20, which, per the signed MOU with Don's Kitchen was intended for Don's Kitchen.²² No prior approval was requested from BHCA, nor granted by DECD, to allow any portion of these FY'25 Legislative Grant funds to be used for debt service or loan-related payments. Additionally, the *Connecticut Guide to Grants Management* requires that all expenditures match allowable budget categories and the approved spending plan. If debt service is not included in the budget, it is unallowable by default.

²² An email dated June 27, 2024 indicates that the \$25,000 granted to HEDCO in FY'25 was to be a loan from HEDCO to Don's kitchen, to be paid back to HEDCO by BHCA. **See Exhibit 73.**

Table 11: Summary of Subgrantees not reported as subrecipients in FY'25

Subgrantee	Date Cleared Bank	Payment Amount	Date Cleared Bank	MOU Total
Hartford Lions Soccer Academy Inc	3/3/2025	\$ 344.95	Unknown	N/A
HEDCO Inc.	10/9/2024	\$ 25,382.20	10/9/2024	N/A
REV Part	12/10/2024	\$ 25,000.00	12/4/2024	N/A
YWCA Hartford Region, Inc	3/3/2025, 3/13/2025	\$ 501,120.00	3/11/2025, 3/12/2025	500,000.00
		<u>\$ 551,847.15</u>		

v. Wire Fraud Involving My People Community Services

As discussed above, My People Community Services was awarded \$300,000.00 of FY25 legislative funds under an MOU dated September 30, 2024. BHCA wired \$9,000.00 and \$291,000.00 on October 10 and October 7, 2024, respectively, to a fraudulent account due to an incorrect email address (dpm@mypeoples-ct.com) being used instead of the correct address (dpm@mypeople-ct.com). This issue is detailed in section “c. Wire Transfer Fraud,” above. BHCA subsequently issued payment to the correct organization on December 20, 2024.

vi. Unreconciled FY'25 Operating Costs

A review of BHCA's financial activity identified substantial increases in reported operating expenses from FY'24 to FY'25. BHCA's records reflected total expenditures of \$8.3 million in FY'25, an increase of approximately \$553,000 from FY'24. However, CLA was unable to reconcile the reported \$1.258 million of these FY'25 operating costs to specific grant expenditures. BHCA did not maintain grant-level coding within its general ledger, nor did it retain supporting documentation that identified which costs were associated with individual grants. As a result, no records were available to demonstrate how the \$1.258 million was used or whether these costs were allowable or directly related to BHCA's grant programs. Although the total FY'25 expenditures may have been sufficient to encompass this unreconciled amount, BHCA's lack of grant-specific accounting and operational recordkeeping prevented CLA from determining whether any portion of these expenses was properly attributed to the grants under review.

vii. Payments Made Without Executed MOUs and Untraceable Disbursements

Five recipients without executed MOUs collectively received \$91,833.50 in funding. Of the reported non-MOU recipients, \$45,000.00 for Green Egg Design and BM Event could not be traced to the general ledger.

Table 12: FY'25 Non-MOU Funded Subrecipients

Subgrantee	Payment Amount	MOU Total
Green Egg Design	25,000.00	N/A
Hartford Stage	21,833.50	N/A
Hartford Stage - Francine Entertainment & Marketing	5,000.00	N/A
BM Event	20,000.00	N/A
Exclusive Linez (Clothing)	20,000.00	N/A
	<u>\$ 91,833.50</u>	

The payments to the recipients listed above were recorded in the bank statements; however, corresponding entries were not located under these recipients in the financial records at BHCA. Because of BHCA's inadequate recordkeeping practices, it is possible that these payments were entered into the general ledger; however, without precise descriptions or supporting details, it is not possible to associate the payments noted in the bank statements with their corresponding activities in the general ledger.

viii. Summary of Key Weaknesses in BHCA Subrecipient Payments

The review of BHCA's grant management and financial records revealed significant inconsistencies and gaps in documentation, reporting, and reconciliation of expenditures. Payments were frequently made to subrecipients before agreements were executed, and in several cases, funds were disbursed without supporting MOUs or could not be traced to the general ledger. Discrepancies in reported amounts, such as those involving The Prosperity Foundation and other subrecipients, further highlight weaknesses in oversight and transparency. Additionally, the occurrence of wire transfer fraud and the inability to reconcile substantial operational expenditures underscore the need for stronger internal controls and more rigorous monitoring practices. These findings demonstrate that improvements are necessary in BHCA's grant administration processes to ensure accountability, accurate reporting, and the proper stewardship of public funds.

f. BHCA Policies and Procedures

DECD requested that CLA conduct an inventory of all BHCA's policies, procedures and relevant forms including but not limited to the areas of accounting, accounts payable, accounts receivable, account reconciliation, budget, cash, credit cards, debt, financial and budget reporting, fund structure, grant administration, payroll and benefits, purchasing, p-card, month and year end closing, risk management, policy, all other general ledger accounts, and personnel ethics, and whistleblower policies. A schedule of those identified policies can be found in Attachment 01.

As previously mentioned, BHCA only provided CLA with three policies: The Accounting Policies and Procedures Manual, The Communications Policy, and the board Amended and Restated Bylaws. The remainder of any policies and procedures attached here as Exhibits were identified by CLA through email research. As outlined in this report, it appears that BHCA has not prioritized the development, dissemination, or promotion of policies. While the Accounting Manual provides definitions and

guidance regarding expected content of policies, it includes limited actual policies or procedures. Other organizational policies are seldom communicated, and these documents are typically exchanged via email between employees seeking copies, suggesting a lack of awareness regarding their official locations. CLA conducted a review of select policies and procedures relevant to the scope of work. Those findings are as follows:

i. The Employee Handbook

Two copies of an employee handbook were identified in email files: The BHCA Employee Handbook revised on April 5, 2007, (“the 2007 handbook”), and an updated BHCA Employee Handbook first communicated in August 2024, (“The 2024 handbook”). The 2007 handbook appears to have been communicated as the official BHCA handbook as recently as January 3, 2024. **See Exhibit 61.** This handbook covers topics such as management rights, non-discrimination, hiring practices, work schedules, personnel files, compensation, payroll, and time-off policies including vacation, sick leave, and holidays. The handbook also details employee benefits like health and disability insurance, outlines behavioral expectations, safety guidelines, and policies on harassment, document retention, and whistleblower protections. Disciplinary procedures, termination processes, and complaint resolution mechanisms are included, along with an employee acknowledgment form. Overall, the handbook serves as a guide for employees to understand their rights, responsibilities, and the standards expected within the organization.

On December 13, 2022, Ms. Sonserae Cicero, CEO and President of SHEBA Consulting, submitted a W-9 form and invoice #90122-1 to BHCA in the amount of \$250,000. **See Exhibit 62.** This invoice includes a line item for 150 hours of work attributed to updating the employee handbook, at the rate of \$280.00 an hour, totaling \$42,000. On May 11, 2023 Ms. Cicero submitted invoice #51123-1. This invoice, also for \$250,000, also includes a line item for 150 hours of work attributed to updating the employee handbook, at the rate of \$280.00 an hour, totaling \$42,000. **See Exhibit 63.**

Two disbursements were identified to Ms. Cicero in the BHCA general ledger corresponding to the two invoices referenced above. The first disbursement dated September 16, 2022 made via check to SHEBA Consulting includes the note “Funding from Senator McCrory was able to secure via DECD.” Given the timing of this disbursement, it is likely that this is referring to the FY’23 ARPA grant.

While the invoices differ in several line items and in invoice number, both invoices are dated September 1, 2022. Over six months, Ms. Cicero claims to have spent 300 hours updating the BHCA employee handbook; however, the 2007 handbook continued to be used by BHCA until at least January 2024. CLA did not identify any handbook drafts or communications regarding handbook updates or progress from Ms. Cicero until the 2024 handbook was communicated in August 2024.

During this time, documents and communications were identified indicating that a BHCA employee was tasked with updating the employee handbook. A Project Update document dated June 2, 2023

from Victoria Fennell, (“Ms. Fennell”), Chief Operating Officer of BHCA, had the “Key task” of updating the employee handbook. **See Exhibit 64.** An email from Ms. Gallon-Clark to another BHCA employee dated July 13, 2023 states “Victoria Fennell, our Chief Operating Officer, will be your point of contact for the Employee Handbook revisions,” with no indication that Ms. Cicero was involved with this project. **See Exhibit 65.**

A comprehensive analysis of the 2024 handbook was conducted, including a comparison with the 2007 edition to assess the extent of changes made over a period spanning several years and approximately 300 hours of work. Both the 2007 and the 2024 handbooks contain the core policies, procedures, and standards for BHCA employees. The content and topics are consistent across both documents, and the primary differences lie in formatting and presentation. There are no substantive changes in policy or procedure between the two documents.

The circumstances surrounding the BHCA employee handbook updates reveal significant failures in internal controls, oversight, and stewardship of public funds. Despite invoices and payments totaling \$84,000 to SHEBA Consulting for handbook revisions, there is no evidence of substantive work product, meaningful policy updates, or documented involvement by the Ms. Cicero. Instead, internal communications show that handbook revision responsibilities were assigned to BHCA staff, and the 2007 handbook remained in use for years following the disbursements to Ms. Cicero. The duplication of invoice line items, lack of supporting documentation, and absence of deliverables strongly suggest potential fraud and misrepresentation. These actions not only constitute a misuse of grant funds but also exposed BHCA to significant reputational and legal risk. The findings underscore a broader pattern of inadequate internal controls, ineffective oversight, and a disregard for proper financial management, all of which enabled questionable transactions to occur without detection or accountability.

ii. Document Retention, Inspection, and Access

Section 5.a.iii under Accounting Procedures in the BHCA Accounting Manual states that BHCA should maintain “contracts and agreements related to grants and services,” but does not reference a document retention period or reference any state or federal law governing the retention of records related to state or federal funding.

Regarding document retention, section VII of the DECD legislative grant agreements mandates that the “The Grantee must comply with the Conn. Gen. Stat. §§ 7-396a and 396b, and the State Single Audit Act, §§ 4-230 – 4-236, and regulations promulgated thereunder. The Grantee agrees that all fiscal records pertaining to the project shall be maintained for a period of not less than three (3) years. Such records shall be made available to the state and its auditors upon request.” During CLA’s visit to the BHCA office, it was noted that record keeping was incomplete; grant documents pertaining to BHCA and its subgrantees were found distributed across several binders and unorganized stacks. BHCA was unable to supply comprehensive grant documentation for all

subgrantees, either electronically or in hard copy. CLA also reviewed email files in an effort to retrieve missing documentation but was unable to locate all required materials.

Section VII.c of the legislative grant agreements also mandate that the Grantee “shall maintain, and shall require each of the Grantee Parties to maintain, accurate and complete Records. The Grantee shall make all of its and the Grantee Parties’ Records available at all reasonable hours for audit and inspection by the State and its agents,” thereby extending BHCA’s ability to inspect and audit grant-related documents to the subgrantees of BHCA.

This language is carried through to the MOU between BHCA and their subgrantees throughout section 6, giving DECD the right to audit and inspect the subrecipient’s accurate and complete records pertaining to the grant-funded project.

While BHCA’s internal accounting procedures acknowledge the importance of maintaining contracts and agreements related to grants and services, they lack specific guidance on retention periods and do not reference applicable legal requirements. In contrast, the state guidance and DECD legislative grant agreements clearly establish minimum standards for record retention, accessibility, and auditability, extending these requirements to both BHCA and its subgrantees. The observed deficiencies in BHCA’s record keeping highlight a significant gap between policy and practice. To ensure compliance, transparency, and accountability, it is essential that both BHCA and its subrecipients adhere to the documentation and retention standards set forth in their grant agreements, and that DECD exercises its right to audit and inspect records as needed.

iii. Conflict of Interest Policy Violations

A conflict of interest policy was not provided by BHCA; however, CLA independently located both a conflict of interest policy, *see Exhibit 66*, and a code of conduct policy, *see Exhibit 67*, in the BHCA email files. The conflict of interest policy defines a conflict of interest to be, in part, “[a] potential conflict of interest exists when actions, contracts, transactions or other dealings between Blue Hills Civic Association (the “Corporation”) and an Interested Party or a Related Party may result in a personal financial gain to the Interested Party.” The policy dictates that BHCA officers and directors complete a disclosure of any relevant interests at the outset of employment and annually thereafter. CLA did not identify any evidence of said disclosures occurring or any evidence of the conflict of interest policy being distributed. The policy was found attached to an email dated March 20, 2025, sent by a BHCA board member in response to Ms. Gallon-Clark’s request for a copy “from the board portal,” suggesting that Ms. Gallon-Clark either lacked access to or was unfamiliar with locating the policy as a BHCA employee. *See Exhibit 68*. In response, the board member noted that the policy included a form designated for “the board” to sign, raising the question of whether BHCA considered the policy applicable exclusively to board members or also to BHCA employees.

A conflict of interest was identified with the funds granted to Mr. Berry designated for St. John’s. Shortly after receiving the FY’24 legislative grant funds and prior to being awarded \$25,000 in FY’25

legislative grant funds, Mr. Berry became an employee of BHCA. A signed offer letter indicating that Mr. Berry's official start date as a Community Outreach Coordinator with BHCA was June 17, 2024. The letter also revealed that Mr. Berry would be receiving \$40.00 per hour. **See Exhibit 69.** Shortly after, the email address berryk@bluehillscivic.org was observed on BHCA communications. A BHCA salary analysis spreadsheet dated December 20, 2024 located in the email files shows that Mr. Berry was the sixth highest paid employee at BHCA, with his current salary equal to employees holding the title of manager or director.

Figure 16: BHCA Salary Analysis, December 20, 2024

BHCA Salary Analysis December 2024		Good to Go						
		Additional Work Req'd						
Employee Name	Manager/Director's name	Current Job Title	Current Salary	Last Increase Date	Today's Date	# of Years Since Last Review	Increase for Review @ 5% Per Year	Increase for Deferred Reviews
Gallon-Clark, Vicki D	Board	Executive Director	\$ 150,000.00	11/13/2022	12/20/2024	2.10	11.0%	\$ 16,500.00
Mathews, Brian C	Vicki Gallon-Clark	Sr. Director Economic Development & Housing	\$ 145,000.00	8/19/2024	12/20/2024	0.34	2.0%	\$ 2,900.00
Fennell, Victoria L	Vicki Gallon-Clark	Chief Operating Officer	\$ 95,004.00	5/15/2023	12/20/2024	1.60	8.0%	\$ 7,600.00
Noriega, Silvia L	Vicki Gallon-Clark	Director of Finance	\$ 89,440.00	10/1/2022	12/20/2024	2.22	11.0%	\$ 9,838.00
Lovejoy, Kelvin	Vicki Gallon-Clark	Director of Community Organizing & Outreach	\$ 85,280.00	5/30/2016	12/20/2024	8.56	43.0%	\$ 36,670.00
Berry, Keon T	Kelvin Lovejoy	Community Outreach Coordinator	\$ 72,800.00	6/27/2024	12/20/2024	0.48	2.0%	\$ 1,456.00
Jones, Dean A	Vicki Gallon-Clark	Director, Community School	\$ 72,800.00	10/16/2022	12/20/2024	2.18	11.0%	\$ 8,008.00
Thomas, Dwayne A	Dean Jones	Operations Manager	\$ 72,800.00	8/11/2021	12/20/2024	3.36	17.0%	\$ 12,376.00
Watts, Karen M	Silvia Noriega	Finance Associate	\$ 63,700.00	3/31/2024	12/20/2024	0.72	4.0%	\$ 2,548.00
Johnson, James W	James Johnson	Director Of Operations	\$ 63,518.00	7/1/2023	12/20/2024	1.47	7.0%	\$ 4,446.00
Rios, Confesor	Brian Mathews	Htfd Flood Compensation Lead	\$ 54,600.00	10/29/2023	12/20/2024	1.15	6.0%	\$ 3,276.00
Banks, Toya C	Kelvin Lovejoy	Community Organizer	\$ 45,500.00	4/14/2021	12/20/2024	3.69	18.0%	\$ 8,190.00
Jones, John P	Dean Jones	Youth Specialist	\$ 45,500.00	2/6/2023	12/20/2024	1.87	9.0%	\$ 4,095.00
Ledbetter, Chareen	Vicki Gallon-Clark	Project Assistant	\$ 45,500.00	6/24/2022	12/20/2024	2.49	12.0%	\$ 5,460.00
Newman Adeleke,	Brian Mathews	Administrative Support Staff	\$ 45,500.00	9/1/2023	12/20/2024	1.30	7.0%	\$ 3,185.00
Smith, Parishe K	Kelvin Lovejoy	Youth Specialist	\$ 45,500.00	9/25/2023	12/20/2024	1.24	6.0%	\$ 2,730.00
Smith, Latte	Dean Jones/ James Johnson	Youth Specialist	\$ 44,200.00	3/20/2022	12/20/2024	2.76	14.0%	\$ 6,188.00
Asiam, Shakyla I	Dean Jones	Program Assistant	\$ 41,600.00	7/16/2018	12/20/2024	6.44	32.0%	\$ 13,312.00
Bowers, George W	Brian Mathews	Healthy Homes Lead Inspector	\$ 39,000.00	7/1/2019	12/20/2024	5.48	27.0%	\$ 10,530.00
Grant, Anye I	Victoria Fennell	Quality Assurance Specialist	\$ 39,000.00	3/31/2024	12/20/2024	0.72	4.0%	\$ 1,560.00
Rivera, Rosalie	Kelvin Lovejoy	Community Organizer	\$ 37,310.00	10/10/2023	12/20/2024	1.20	6.0%	\$ 2,239.00
Elbert, Madison	Kelvin Lovejoy	Community Outreach Associate	\$ 36,400.00	3/25/2024	12/20/2024	0.74	4.0%	\$ 1,456.00
Gillespie, Khyon	Dean Jones	Youth Specialist	\$ 36,400.00	9/27/2023	12/20/2024	1.23	6.0%	\$ 2,184.00
Byrd, Raegan	Kelvin Lovejoy	Community Organizer	\$ 31,200.00	9/5/2022	12/20/2024	2.29	11.0%	\$ 3,432.00
Hardy JR, Warren E	Dean Jones	Restorative YD Specialist	\$ 31,200.00	6/22/2020	12/20/2024	4.50	22.0%	\$ 6,864.00
Thomas, Trecana O	James Johnson	Administrative Support Staff	\$ 29,120.00	7/1/2023	12/20/2024	1.47	7.0%	\$ 2,038.00
Morgan, Jahfarie	Brian Mathews	Administrative Support Staff	\$ 28,555.80	1/1/2024	12/20/2024	0.97	5.0%	\$ 1,428.00
Navas Zabaleta, Joshep E	Dean Jones	Youth Specialist	\$ 26,000.00	2/6/2023	12/20/2024	1.87	9.0%	\$ 2,340.00
Spears, Amoni J	Kelvin Lovejoy	Community Outreach Assistant	\$ 26,000.00	6/23/2024	12/20/2024	0.49	2.0%	\$ 520.00
Jervis, Debra	James Johnson	Program Specialist	\$ 19,219.20	7/1/2023	12/20/2024	1.47	7.0%	\$ 1,345.00
Hansley, Donna	James Johnson	Program Support (PTE)	\$ 16,317.60	1/1/2024	12/20/2024	0.97	5.0%	\$ 816.00
Hibbert, Patricia-Ann A	James Johnson	Program Support (PTE)	\$ 12,238.20	1/1/2024	12/20/2024	0.97	5.0%	\$ 612.00
Mignott, Norris	James Johnson	Program Support AIDE, Sep up (PTE)	\$ 12,238.20	1/1/2024	12/20/2024	0.97	5.0%	\$ 612.00
Amos, Linda Carol	James Johnson	LPN/RN	\$ 11,632.00	9/2/2022	12/20/2024	2.30	12.0%	\$ 1,348.00

An email sent on September 27, 2024 from Ms. Gallon-Clark to Mr. Berry at his chessexcitement@gmail.com informed Mr. Berry that St. John's Full Gospel church was a recipient of an FY'25 legislative grant in the amount of \$25,000, an increase of \$10,000 from FY'24. While the grant was officially awarded to St. John's, the documents and communications were only addressed to Mr. Berry. Mr. Berry returned the projected budget for the ADDvantage Academy on October 1, 2025, which included \$7,000 for a program manager and \$1,500 for administrative staff. Mr. Berry appears to be the sole "employee" of the chess program and per the FY'24 final grant documents, holds the title of program manager. As a BHCA employee, receiving grant funds that would directly result in a personal financial gain would have been a clear conflict of interest violation. **See Exhibit 47** for the FY'25 ACH form, proposed budget, and W-9 submitted by Mr. Berry.

On October 4, 2024, Ms. Gallon-Clark sent an email to Mr. Berry at his chessexcitement@gmail.com informing him that the previously awarded \$25,000 legislative funds would instead be granted as a passthrough via Wilson-Gray YMCA. **See Exhibit 70.** The reason for the change was not specified; however, since BHCA continued to provide the funds and Mr. Berry, as a BHCA employee, would receive personal financial benefit, the passthrough arrangement would still result in a conflict of interest. BHCA began transferring legislative funds to Wilson-Gray YMCA on October 7, 2024. Without reviewing the books and records of that organization, CLA is unable to determine whether Mr. Berry subsequently received the anticipated grant payment.

The evidence reviewed reveals significant deficiencies in BHCA's governance practices and compliance with established conflict of interest standards. Despite the existence of a formal conflict of interest policy, there is no indication that the policy was actively implemented, distributed, or enforced. CLA found no documentation of required disclosures by officers, directors, or employees, nor any evidence that BHCA maintained a systematic process for monitoring conflicts. This failure represents a fundamental breakdown in internal controls and organizational accountability.

Further, the circumstances surrounding Mr. Berry's receipt of legislative grant funds while simultaneously serving as a BHCA employee constitute a clear and serious violation of conflict of interest policies. The communications reviewed strongly suggest that BHCA leadership was aware of Mr. Berry's involvement in a grant-funded program, yet no steps were taken to disclose or mitigate the inherent conflict. The passthrough arrangement via Wilson-Gray YMCA does not eliminate the impropriety; rather, it underscores BHCA's willingness to facilitate transactions that resulted in personal financial gain for an employee, contrary to both policy and ethical standards.

These findings collectively point to systemic weaknesses in BHCA's governance framework, inadequate oversight by its board, and a disregard for fundamental compliance obligations. Such conduct not only undermines public trust but also exposed BHCA and DECD to reputational and legal risk.

iv. Fraud Policy

A draft version of a fraud policy was found within the email files. Although the document is undated, it was attached to an email sent from melodyellysse@gmail.com to Ms. Gallon-Clark on February 24, 2022. **See Exhibit 71.** No additional activity related to this policy was observed; there is no indication that it was subsequently revised, distributed, or implemented. The BHCA Employee Handbook, both the 2007 version and the 2024 version, include a definition of fraudulent or dishonest conduct within whistleblower policy, but does not include a separate policy prohibiting fraud. This definition is located directly beneath the definition for baseless allegations.

Figure 17: Definition of Fraud or Dishonest Conduct in 2007 Handbook

Definitions

Baseless Allegations: Allegations made with reckless disregard for their truth or falsity. People making such allegations may be subject to disciplinary action by BHCA, and/or legal claims by individuals accused of such conduct.

Fraudulent or Dishonest Conduct: A deliberate act or failure to act with the intention of obtaining an unauthorized benefit. Examples of such conduct include, but are not limited to:

- forgery or alteration of documents;
- unauthorized alteration or manipulation of computer files;
- fraudulent financial reporting;
- pursuit of a benefit or advantage in violation of BHCA's Conflict of Interest Policy;
- misappropriation or misuse of BHCA resources, such as funds, supplies, or other assets;
- authorizing or receiving compensation for goods not received or services not performed; and
- authorizing or receiving compensation for hours not worked

The whistleblower policy stipulates that supervisors must report suspected fraudulent or dishonest conduct to the Executive Director. However, the policy does not outline alternative reporting mechanisms for fraud. During the period covered by this forensic audit, Ms. Gallon-Clark served as Executive Director.

g. Disbursements to Sonserae Cicero and SHEBA Consulting

Due to the concerning disbursement activity identified with the subrecipient SHEBA, CLA reviewed the BHCA general ledger for all disbursements to SHEBA.

Table 13: BHCA Disbursements to Ms. Cicero

Transaction date	Fiscal Year	Transaction type	Name	Memo/Description	Account #	Credit
05/12/2023	FY2023	Bill Payment (Check)	Sonserae Cicero		10002	\$ 250,000.00
09/16/2022	FY2023	Check	S.H.E.B.A Consulting, LLC	Funding from Senator McCrory was able to secure via DECD.	10002	250,000.00
12/05/2022	FY2023	Check	S.H.E.B.A Consulting, LLC	Donation Back to Scholl Drive	10002	200.00
10/17/2023	FY2024	Bill Payment (Check)	S.H.E.B.A Consulting, LLC		10002	600,000.00
						<u>\$ 1,100,200.00</u>
	FY2025	Passthrough Grant	S.H.E.B.A Consulting, LLC			615,000.00
						<u>\$ 1,715,200.00</u>

Over a 13-month period, BHCA distributed \$1,100,200 either to SHEBA Consulting or directly to Ms. Cicero. Additionally, at the direction of Senator McCrory, BHCA was instructed to grant Ms. Cicero \$615,000 in FY'25 through a passthrough of legislative funds from Upper Albany Neighborhood Collaborative. This brings the total amount of direct and indirect disbursements to \$1,715,200.

Several concerns on the legitimacy of Ms. Cicero's grant fund usage have been raised in this report in sections 4(d)(ii) and 4(f)(i). A further review of the invoices and budgets submitted by Ms. Cicero raises additional concerns:

- On invoice #90122-1, previously referenced in **Exhibit 62**, Ms. Cicero reported dedicating 100 hours to reviewing existing board policies and developing new policies, amounting to \$28,000; however, the board policies provided to CLA by BHCA were last updated in 2018. No evidence was found to substantiate the claim that Ms. Cicero performed any work on these board policies. During interviews, board members confirmed to CLA that they did not receive training in any format and that Ms. Cicero did not provide any services for the board.
- On invoice #90122-1, Ms. Cicero reported dedicating 150 hours to management and leadership training for staff for a total of \$42,000. Emails indicate that Ms. Cicero did hold a training with BHCA staff on November 16, 2022; however, the training was scheduled for less than two hours. During the training Ms. Cicero showed staff a 13-minute YouTube video of a TED Talk²³ and included a six-page PowerPoint, of which only four slides contained content. Thirty minutes of the two-hour training were dedicated to a breakout session. **See Exhibit 72** for email and the training PowerPoint. No additional training courses led by Ms. Cicero were identified in that fiscal year.
- On invoice #90122-1, Ms. Cicero reported dedicating 50 hours to training board directors for a total of \$14,000. No evidence was found to substantiate the claim that Ms. Cicero performed or facilitated board training during this period. During interviews, board members confirmed to CLA that they did not receive training in any format and that Ms. Cicero did not provide any services for the board.
- Invoice #51123-1, previously referenced in **Exhibit 63**, submitted in May 2023 for \$250,000 appeared to be for costs associated with an intern program run by Ms. Cicero. An email dated February 7, 2023 from Ms. Cicero describes the program as “This will be a paid internship in partnership with organizations looking to support young college students with the goal of transitioning them to into part-time and full-time employment opportunities.” Ms. Cicero reported that the program would employ ten interns, each working 20 hours per week over a 26-week period, with a total intern salary budget of \$93,600. CLA found no evidence indicating that this intern program was implemented. Additionally, Ms. Cicero did not furnish sign-in sheets or program materials. Currently, the SHEBA website advertises an intern program scheduled to commence in June 2023; however, it is described as an eight-week program with no mention of compensation.²⁴

²³ <https://www.youtube.com/watch?v=4Ff3K1ODVmY>

²⁴ <https://shebatrailblazer.com/internship-program/>



Figure 18: SHEBA Intern Program Website



- Invoice #51123-1 also contained a line item dedicating 150 hours to employee handbook revisions and updates, for a total of \$42,000. As previously mentioned, no evidence was identified to substantiate that this work had been performed.
- Invoice #51123-1 totaled \$250,000; however, the sum of the charges listed on the invoice total \$300,381. It does not appear that this discrepancy was questioned by BHCA.

Table 14: SHEBA Invoice #51123-1 Totals

Program Director Salary	\$ 43,784.00
Program Coordinator Salary	20,800.00
Intern Salaries	93,600.00
Fringe & Benefits	52,162.00
Professional Fees & Contracted Services	3,310.00
Transportation & Supplies	10,600.00
Equipment & Lease	15,000.00
Update Employee Handbook	42,000.00
G&A	19,125.00
	<u><u>\$ 300,381.00</u></u>

The disbursement activity between BHCA and SHEBA Consulting, as well as directly to Ms. Cicero, reveals a troubling pattern of financial mismanagement, potential fraud, and a complete breakdown of internal controls. Over \$1.7 million in public funds were distributed based on invoices and budget claims that lack substantiation and supporting documentation. Numerous line items, including extensive hours billed for board policy development, staff and board training, intern programs, and handbook revisions, were either grossly exaggerated or entirely unsupported by evidence. Interviews and document reviews confirm that many of the services billed were never delivered, and discrepancies in invoice totals went unquestioned by BHCA. The absence of oversight, failure to verify deliverables, and willingness to process large payments without due diligence not only facilitated possible fraudulent activity but also exposed BHCA to significant reputational and legal risk.

h. DECD Process for Award and Follow-Up on Award and Use of Funds by BHCA

CLA conducted a review of the DECD's policies and procedures²⁵, as well as the Connecticut Office of Policy and Management's Guide to Grants Management²⁶ ("the Guide"), to evaluate whether the processes followed by DECD in awarding and monitoring funds to BHCA were appropriate and aligned with established requirements. This review focused on determining compliance with statutory mandates, internal controls, and best practices outlined in the Guide, confirming that DECD's actions adhered to the governing policies in place with regard to legislative grants and related oversight responsibilities.

²⁵ *Connecticut Department of Economic and Community Development, "Summary of DECD Grant Award Processes,"* memorandum to the Office of the Governor, August 27, 2025.

²⁶ *Connecticut Office of Policy and Management, Guide to Grants Management*, released September 29, 2025. See Section vii (pp. 53–54) and Section viii (p. 61) for requirements related to non-discretionary grant awards and agency responsibilities for monitoring compliance

DECD administers state and federal grant programs through a structured process designed to confirm accountability, compliance, and the proper use of public funds. DECD's responsibility in identifying or approving recipients for legislative grants is limited and clearly defined by Connecticut law and policy. Based on the documentation reviewed, CLA has determined the following:

i. DECD Responsibility for Selecting Legislative Grant Recipients

DECD does not play a role in selecting or approving recipients for legislative grants. These recipients are predetermined by the Connecticut General Assembly through statutory or budgetary action. Legislative grants are considered non-discretionary, meaning the legislature identifies the organizations, the funding amounts, and the timeframes for disbursement. DECD's role begins only after these decisions have been made.

Once recipients are designated, DECD assumes responsibility for administering the grant in accordance with state policies and the Guide to Grants Management. This includes preparing and executing legally binding agreements, establishing terms and conditions, and ensuring that recipients understand compliance requirements. DECD provides instructions for application and contracting, facilitates execution through approved processes, and manages disbursement of funds according to legislative direction.

DECD also conducts monitoring activities consistent with its established protocols, including the review of financial and programmatic reports, annual audit submissions, and other required documentation. DECD followed these procedures in the administration of BHCA's legislative grants. However, neither DECD's policies nor the CT office of Policy and Management Guide require real-time monitoring of subrecipient activity or detailed verification of expenditures beyond the information presented in required reports. As a result, under its current policy framework, the irregularities identified at BHCA would not have been detected earlier and, in some cases, may never have been identified outside of an external review such as the one performed by CLA. The agency also enforces reporting requirements and may require recipients to return unspent or improperly used funds when applicable. As it relates to Legislative grants, no budget was submitted to DECD by BHCA. Recommendations for DECD improvements on budgets for legislative grants will be noted further below.

Finally, DECD must maintain accurate records of all grant-related activities, including monitoring efforts, communications, and compliance documentation, for the retention period mandated by state law. These responsibilities are critical to promoting transparency, accountability, and adherence to statutory requirements while ensuring that legislative grant programs achieve their intended outcomes.

ii. DECD Responsibility for Monitoring Legislative Grant Recipients

As discussed above, although DECD does not select legislative grant recipients, it is responsible for post-award oversight to ensure that primary recipients use funds in accordance with state

requirements and grant terms. This includes reviewing required reports, enforcing compliance, initiating follow-up when deficiencies are identified, and requiring repayment of funds when appropriate.²⁷

DECD must establish clear expectations for monitoring by requiring the primary recipient to maintain accurate records and oversee its subrecipients. Legislative grant agreements typically include provisions granting DECD the right to audit and inspect both the recipient and its subrecipients. DECD is obligated to exercise this authority when risks or irregularities are identified. In addition, DECD reviews financial and programmatic reports submitted by the primary recipient, which should include details on subrecipient expenditures and performance. If reports are incomplete or raise concerns, DECD must follow up and request supporting documentation. However, under DECD's existing policies and procedures, this level of monitoring was not triggered or performed for The Prosperity Foundation, meaning that the irregularities related to BHCA's reporting and use of funds involving TPF were not identified through DECD's standard oversight processes.

Further, DECD is responsible for enforcing compliance when deficiencies occur. This may involve withholding payments, requiring repayment of funds, or initiating audits. All monitoring activities, communications, and corrective actions must be documented and retained for the required period, which is typically three years, to ensure auditability and compliance. While DECD does not directly manage subrecipients, it plays a critical role in confirming that the primary recipient fulfills its monitoring obligations and intervening when compliance issues arise.

These responsibilities are outlined in the Guide, which specifies that pass-through entities, such as BHCA, must identify award information to subrecipients, monitor their activities, ensure required audits are performed, and require corrective action on audit findings.²⁸

Based on our review, CLA concluded that DECD's processes for administering legislative grants to BHCA were consistent with the agency's established internal procedures and the requirements outlined in the Guide. DECD appropriately executed its administrative responsibilities, including notifying recipients, processing contracts, and enforcing reporting requirements for BHCA as the primary recipient. In addition, DECD received and reviewed grant reports submitted by BHCA, examined BHCA's annual external audit as part of its oversight activities, and acted promptly to require repayment of funds once the wire transfer fraud was disclosed.

²⁷ These responsibilities are outlined in the *Guide to Grants Management*, which also requires pass-through entities to monitor their subrecipients, retain documentation, and take corrective action when necessary.

²⁸ *Connecticut Office of Policy and Management, Guide to Grants Management*, released September 29, 2025, Section vii (pp. 53–54) and Section viii (p. 61).

These actions demonstrate DECD's adherence to its defined role, which does not include selecting or approving legislative grant recipients, while fulfilling its obligations to monitor compliance and safeguard public funds. However, CLA noted that opportunities exist to strengthen monitoring practices and documentation to promote greater transparency and accountability in future grant oversight. Specifically, while DECD followed its established protocols, those protocols should be designed to detect significant irregularities earlier, particularly in areas such as unexpected changes in reported expenditures, subrecipient passthrough arrangements, and inconsistencies in reporting. Strengthening these procedures would help promote more timely identification of material concerns and reinforce primary recipients' accountability over state-funded grants. However, its monitoring did not extend to verifying subrecipient expenditures, which was a noted gap in oversight. This is discussed in the recommendations below.

5. Recommendations

Based on the analysis performed, including interviews conducted throughout the investigation, CLA makes the below recommendations. Implementing these recommendations and best practices will help ensure that Connecticut state-funded grant programs are managed with integrity, transparency, and accountability. They address the specific deficiencies identified in the BHCA forensic audit and provide a framework for effective grant management, oversight, and compliance with state and federal requirements.

These recommendations are now presented in two parts:

I. Recommendations for DECD

These recommendations apply to DECD's internal policies and procedures, not contractual/legal requirements. They are intended to help DECD detect irregularities earlier, reduce the risk of misconduct, and strengthen oversight without expanding DECD's statutory responsibilities beyond what the legislature currently assigns.

CLA recommends that the State of Connecticut conduct a comprehensive forensic audit of all BHCA subgrantees and any entities that received funds for consulting or professional services outside of formal subgrantee arrangements. This recommendation is made due to pervasive internal control failures, lack of documentation, and numerous instances of questionable disbursements identified during the BHCA audit. Payments were frequently made without executed agreements, deliverables, or substantiating evidence, and significant discrepancies in reported expenditures went unchallenged. Additionally, passthrough arrangements and consultant invoices lacked transparency and raised concerns about potential fraud and misuse of public funds. DECD has initiated efforts to address this recommendation and has executed a new Statement of Work with CLA to conduct a separate, detailed review of BHCA's subrecipient expenditures to determine the validity, allowability, and proper use of state-funded grant dollars.

For most disbursements issued by BHCA, the actual application of state and federal funds cannot be determined without a thorough review of the financial records and documentation maintained by each fund recipient. A forensic review of these recipients is critical to determine whether state funds were expended in accordance with grant requirements and to safeguard the integrity of Connecticut's legislative grant programs.

Strengthen DECD's Internal Monitoring Policies (Non-Contract Requirement)

While DECD followed its existing policies and procedures, those policies were not designed to identify the significant irregularities identified during the BHCA review. DECD should revise its internal procedures to include:

- Risk-based monitoring steps during the grant year rather than relying solely on year-end reporting.
- Trigger-based follow-ups for unexpected variations in subrecipient spending, unusual passthrough arrangements, or significant changes between projected and actual expenditures.

Quarterly or mid-year variance analysis for high-risk grantees, even for legislative grants.

Require Subrecipient-Level Reporting Earlier in the Grant Cycle (Internal Policy Change)

DECD should revise its policies to require earlier and more detailed subrecipient reporting, including:

- Subrecipient lists submitted at contract execution and updated with each disbursement.
- Proof of executed MOUs before any passthrough distribution occurs.
- Interim expenditure reporting so mismatches (such as unreported subrecipients) are caught sooner.

Clarify DECD's Authority and Expectations in Grant Agreements (Contract Requirement)

Future legislative grant agreements should more explicitly require that:

- The primary recipient maintains documentation supporting each passthrough payment.
- Subrecipient-level expenditures be made available to DECD upon request.
- Funds may not be used for unallowable expenditures such as debt service, loan repayment, or expenditures inconsistent with the approved grant purpose without DECD's written approval.

These enhancements would turn best-practice expectations into contractual obligations, strengthening DECD's ability to enforce compliance.

II. Recommendations for Subrecipients (Including BHCA)

These recommendations are intended to strengthen the processes and procedures at BHCA and other DECD grantees and subrecipients unless otherwise noted.

Grant Awarding Process

- **Establish formal, documented procedures:** All grant awarding decisions should be governed by clear, written policies that define eligibility, selection criteria, and the approval process. These procedures must be consistently followed and updated as needed.
- **Transparency in subrecipient selection:** The process for selecting subrecipients must be transparent, with clear documentation of how and why each entity is chosen. Any involvement by external parties (e.g., legislators) should be disclosed and justified in writing.
- **Board Oversight:** The board of directors (or equivalent governing body) should have documented involvement in the grant awarding process, including approval of subrecipient lists and funding allocations.
- **Pre-Award Documentation:** Require all subrecipients to submit projected budgets, W9 forms, and other required documentation before any funds are disbursed. No payments should be made prior to the execution of a signed MOU or grant agreement.

Monitoring and Oversight

- **Regular Monitoring Activities:** Implement a formal monitoring plan that includes interim site visits, financial reviews, and programmatic assessments. The cadence, scope, and responsible parties for monitoring must be documented.
- **Compliance with State Requirements:** Ensure compliance with Connecticut General Statutes §§ 7-396a and 396b, and the State Single Audit Act, §§ 4-230 – 4-236. Pass-through entities must identify state award information to subrecipients, monitor their activities, ensure required audits are performed, and require prompt corrective action on audit findings.
- **Documentation of Monitoring:** All monitoring activities, findings, and follow-up actions must be documented and retained for audit purposes.
- **Subrecipient Reporting:** Require subrecipients to submit detailed year-end reports, including actual expenditures, supporting documentation, and explanations for any variances from projected budgets. Follow up on incomplete or questionable reports and require corrections or additional documentation as needed.

- **Sensitive Information Safeguarding:** Store physical and electronic subgrantee documents containing sensitive information securely, with access restricted to authorized personnel.

Timely Disclosure and Communications

- **Prompt Notification of Material Claims:** Grantees must notify the state agency in writing of any material claims, breaches, or losses, including fraud, within the timeframes specified in any grant agreement, consistent with contractual agreements.
- **Communication with Stakeholders:** Maintain open and timely communication with the state agency, board of directors, and other stakeholders regarding grant activities, issues, and corrective actions.

Record Keeping

- **Maintain Accurate and Complete Fiscal Records:** All fiscal records pertaining to grant-funded projects must be retained for a minimum of three years in compliance with state law. Subrecipients are required to maintain accurate and comprehensive records, enabling access for audit and inspection by state authorities and their representatives. Grant documentation should be systematically organized and securely stored to facilitate compliance reviews and audits.

In addition to the recommendations listed above, the State should conduct a comprehensive review of the grant administration processes for all organizations receiving public funds. This review should verify that each recipient has established formal, documented procedures for both awarding and monitoring grants, maintains transparency and board oversight, implements effective internal controls, and keeps accurate and complete records. Additionally, DECD should ensure that all organizations understand the importance of timely communication regarding material claims, breaches, or losses to the state agency and relevant stakeholders, as this is essential for maintaining trust and regulatory compliance.

6. Conclusion

The forensic audit of the BHCA commissioned by the DECD has revealed significant and systemic deficiencies in BHCA's management, oversight, and documentation of state-funded grant programs. Throughout this engagement, CLA performed a comprehensive assessment of BHCA's financial and grants management systems, including their policies, procedures, practices, funding flows, subrecipient selection and monitoring processes, and internal controls. The review determined that BHCA received over \$15 million in state funding; however, it lacked sufficient policies, oversight, and accountability structures. Subrecipient funds were frequently disbursed without executed agreements, approved budgets, or documented compliance verifications. The audit period, extended to cover January 1, 2020 through June 1, 2025, encompassed a time of considerable organizational disruption, including staff terminations and the cessation of BHCA operations following the discovery of wire transfer fraud.

CLA conducted an examination of expenditures and disbursements to assess potential indications of fraud, waste, and abuse. Due to deficiencies in BHCA's record-keeping, grant recipient monitoring, and

financial reporting practices, CLA was unable to reach a conclusive determination regarding the majority of grant funds disbursed by BHCA. However, as outlined in this report, CLA has identified \$208,000.00 in unsupported disbursements that either violated conflict of interest standards or were used to pay for services that were not performed.

Table 15: Unsupported Disbursements

Recipient	Description	Fiscal Year	Amount
Keon Berry/St. John's Full Deliverance Church	Legislative grant for ADDvantage Academy Chess Program	2024	\$ 15,000.00
Keon Berry/St. John's Full Deliverance Church	Legislative grant for ADDvantage Academy Chess Program	2025	25,000.00
Sonserae Cicero/SHEBA Consulting, LLC	Updating the BHCA Employee Handbook - 150 Hours	2022	42,000.00
Sonserae Cicero/SHEBA Consulting, LLC	Updating the BHCA Employee Handbook - 150 Hours	2022	42,000.00
Sonserae Cicero/SHEBA Consulting, LLC	Reviewing and updating BHCA Board Policies - 100 Hours	2022	28,000.00
Sonserae Cicero/SHEBA Consulting, LLC	Leadership Training for BHCA Staff - 150 Hours	2022	42,000.00
Sonserae Cicero/SHEBA Consulting, LLC	Board of Directors Training	2022	14,000.00
			<u>\$ 208,000.00</u>

The absence of a determination on the remainder of disbursed state and federal grant funds is not a conclusion that those funds were disbursed properly; rather, a determination could not be made due to insufficient records and a lack of required grant monitoring practices. Enough evidence was identified to suggest that BHCA did not fully adhere to internal policies and state guidance during their grant awarding activities, and additional fund disbursements may have been made in violation of policies, procedures, and guidance. As a result, CLA recommends that the State of Connecticut conduct a forensic examination of all BHCA subrecipients.

The forensic audit of BHCA uncovered widespread and systemic deficiencies indicating fraud, waste, and abuse. These included payments to subrecipients, such as St. John's and SHEBA, without proper agreements, documentation, or oversight; funds disbursed before formal contracts were executed; backdated, missing, or altered MOUs; and questionable passthrough arrangements. The audit also found unsupported or misrepresented expenses, unreconciled operating costs, and large grants awarded or increased without clear approval or evidence of deliverables. Additional concerns included undisclosed conflicts of interest, lack of due diligence in subrecipient selection, inadequate monitoring and follow-up, poor recordkeeping, and delayed or insufficient communication of material losses to stakeholders. Collectively, these issues reflect a breakdown in internal controls, governance, and compliance, creating an environment highly susceptible to fraud, financial misconduct and the misuse of public resources.

The occurrence of wire transfer fraud, compounded by delayed notification to DECD and other stakeholders, exposed critical vulnerabilities in BHCA's internal controls and risk management practices. The absence of robust procedures for verifying recipient account information, safeguarding sensitive data, and establishing approval authority thresholds created an environment susceptible to financial loss and noncompliance. Furthermore, the inability to reconcile significant operational expenditures and the lack of comprehensive recordkeeping point to a broader failure to maintain the standards of fiscal stewardship required for public funds.

The audit also revealed that BHCA’s internal policies did not reference or comply with state requirements for document retention, inspection, and access. While the BHCA employee handbook references “an approved records retention schedule” and compliance with the Sarbanes-Oxley Act of July 30, 2002, no such schedule was produced or identified. The handbook also fails to reference a minimum length of time documents must be retained. In contrast, DECD’s legislative grant agreements clearly mandate minimum standards for record retention and auditability, extending these obligations to subrecipients. The observed deficiencies in BHCA’s recordkeeping practices highlight a substantial gap between policy and practice, undermining the ability of DECD and other authorities to conduct effective oversight and ensure accountability.

Additionally, CLA was unable to reconcile the amount of state funds BHCA returned to DECD at the conclusion of the grant period. The amount repaid was materially less than what BHCA’s own records and communications indicated should have remained unspent. Due to pervasive documentation gaps, inconsistent reporting, and unsupported financial entries identified throughout this audit, the actual amount that should have been returned to the State cannot be conclusively determined. This unresolved variance underscores the severity of BHCA’s recordkeeping failures, and the risks posed by inadequate financial controls.

Taken together these findings highlight the importance of DECD consistently reviewing the grant administration processes of all organizations entrusted with public grant funds. This includes confirming that each recipient has formal, documented procedures for awarding and monitoring grants, ensuring transparency and board oversight, implementing internal controls, and maintaining accurate and complete records. These organizations should understand that timely communication of material claims, breaches, or losses to the state agency and other stakeholders is essential for maintaining trust and compliance.

It is important to note that routine financial statement audits and single audits are not designed to detect fraud or intentional misrepresentation. These audits primarily focus on assessing whether financial statements are presented fairly in accordance with applicable standards and whether federal or state funds are used in compliance with program requirements. While such audits may identify certain irregularities, they do not involve the level of forensic scrutiny necessary to uncover deliberate concealment, falsified records, or collusive practices. Moreover, these audits rely heavily on documentation provided by the client, which means that if records are incomplete, misleading, or intentionally falsified, the audit may fail to detect underlying issues. The deficiencies identified in this engagement underscore the need for targeted forensic procedures when indicators of fraud or misuse of funds arise, as traditional audit approaches are insufficient to provide assurance against these risks.

By implementing the recommendations outlined in this report, DECD and its grantees can address the specific deficiencies identified in the BHCA forensic audit and build a framework for effective grant management, oversight, and compliance. These steps are vital to safeguarding public resources, promoting transparency, and ensuring that state-funded programs achieve their intended impact for Connecticut’s communities.

7. Professional Standards Followed by CliftonLarsonAllen LLP

The overall scope of work and approach was conducted utilizing standards in accordance with the Statement on Standards for Forensic Services No. 1 (“SSFS No. 1”) of the American Institute of Certified Public Accountants (“AICPA”) and the Code of Professional Standards of the Association of Certified Fraud Examiners (ACFE). This report does not constitute an audit, compilation, or review, in accordance with standards of the AICPA, the objective of which would be the expression of an opinion on any specified elements, accounts, or items. Accordingly, CLA does not express such an opinion.

Because of the unique nature of fraud, and because our engagement was limited to the matters described in the engagement letter, fraud and/or financial irregularities may exist within the organization that we may not have identified during the performance of our procedures. However, if during the performance of our services other matters had come to our attention suggesting possible financial improprieties and/or irregularities, we would have communicated such matters to the State.

The professional standards promulgated by the AICPA prohibit CLA from rendering an opinion as to whether there has been any fraud or other criminal activity by anyone associated with this engagement. Therefore, CLA does not render such opinions.

8. List of Attachments

Attachment #	Attachment Description
01	List of identified BHCA Policies



9. List of Exhibits

Exhibit #	Exhibit Description
01	FY24-Legislative Grant-00012
02	FY25-Legislative-00004
03	BHCA Accounting Policies and Procedures Manual
04	Sample of the MOU between BHCA and their subgrantees
05	Email dated September 24, 2024
06	Email dated September 27, 2024, with attachments
07	Email dated October 4, 2024, with attachments
08	Confirmations of ACH payments to fraudulent account
09	Email dated December 2, 2024
10	Email dated December 4, 2024
11	Email dated December 4, 2024
12	FBI IC3 Complaint
13	Email dated December 13, 2024
14	Email dated December 13, 2024
15	Email dated January 23, 2025
16	Email dated February 6, 2025
17	Email dated February 10, 2025
18	Board Meeting Materials January 17, 2024
19	Board Meeting Materials January 17, 2024
20	Email dated September 26, 2023, with attachments
21	Email dated March 19, 2024
22	SHEBA FY'24 MOU
23	MPact Mentoring FY'24 MOU
24	MPCS FY'24 MOU
25	Outreach Realty FY'24 MOU
26	St. John's Full Gospel Deliverance Church FY'24 MOU
27	St. Justin St. Michael FY'24 MOU
28	The Prosperity Foundation FY'24 MOU
29	Town of Windsor FY'24 MOU
30	University of Hartford FY'24 MOU
31	Upper Albany Neighborhood Collaborative FY'24 MOU
32	UWCA FY'24 MOU
33	Berkins Family FY'24 MOU
34	CT Harm Reduction Alliance FY'24 MOU
35	Don's Kitchen FY'24 MOU
36	Hartford Health Initiative FY'24 MOU
37	Hartford Hurricanes FY'24 MOU
38	Hartford Lions FY'24 MOU
39	LEVAS FY'24 MOU
40	Email dated October 4, 2023, with attachments
41	Email dated October 5, 2023, with attachments
42	Email dated February 26, 2025

Exhibit #	Exhibit Description
43	Email dated October 15, 2024
44	Email dated October 9, 2024
45	Email dated November 19, 2024
46	Email dated October 21, 2024
47	St. John's ACH and W-9
48	DECD Community Partner Process Sheet
49	Email dated July 26, 2024
50	Email dated August 6, 2024
51	Email dated August 16, 2024
52	The Prosperity Foundation Final Report FY'24
53	Email dated November 12, 2024
54	St. John's Final Grant Reporting Documents FY'24
55	2024 Grant Revenues – Subrecipient Detail
56	BHCA April 2024 Bank Statement
57	Grant Award letter from The Prosperity Foundation to BHCA
58	2024 Grant Receipts and Expenditures
59	General Ledger & Related Reporting Draft Document
60	Email dated November 4, 2024
61	BHCA Handbook, revised 2007 and BHCA Handbook, revised by Ms. Cicero
62	SHEBA Consulting invoice dated September 1, 2022
63	SHEBA Consulting invoice dated September 1, 2022
64	Chief Operating Officer Tasks as of June 1, 2023
65	Email dated July 13, 2023
66	BHCA Conflict of Interest Policy Updated 9-27-17
67	BHCA Code of Conduct Policy
68	Email dated March 20, 2025
69	Keon Berry offer letter
70	Email dated October 4, 2024
71	Email dated February 24, 2022 and attached draft fraud policy
72	Email dated November 7, 2022
73	Email dated June 27, 2024