

POLITICS

A Cincinnati audit is mysteriously scaled back. 'Someone is protecting one or more people'



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This story has been updated to include new information from City Manager Sheryl Long and information in the auditor's contract which The Enquirer had been given in September.

Just after the third member of Cincinnati City Council was arrested on federal corruption charges, Cincinnati City Council **unanimously ordered a forensic audit** of past development deals.

That was two years ago.

After months of asking city officials for the audit results, The Enquirer obtained a draft audit done by the Chicago-based auditing firm **Crowe LLP**, which revealed in the report that the firm was told by the city administration to do a less comprehensive audit. It doesn't say who exactly told them that.

In government, a forensic audit is an examination of records to look for illegal or unethical activities such as fraud or embezzlement.

Crowe looked at 227 development deals approved by city council between Jan. 1, 2018, and Dec. 31, 2020, but none in-depth, according to the draft audit dated Dec. 15. It offered recommendations similar to ones already proposed by a task force looking at the development process.

Despite at least **three development deals** being the subject of federal indictments, Crowe auditors wrote in the report "the results of Crowe's assessment reflect positively on the city."

It's unclear why the scope of the audit was changed, who made the changes and why. There was no public discussion of any changes.

City Manager Sheryl Long responded to Enquirer questions posed Monday via a spokeswoman after the story published online Tuesday. She also sent a memo to the mayor and council members saying the draft audit is not satisfactory.

"We will continue to work with Crowe LLP to ... ensure a comprehensive review, even if that requires more work, before a final draft is submitted to council," Long wrote in the memo.

Despite what the audit declared, city spokeswoman Mollie Lair said: "There was no decision to change the scope of the audit."

"This was an independent investigation by Crowe LLP," Lair said.

Long said the city would continue to work with Crowe on getting answers sought when the company was hired. She did not elaborate on what the unanswered questions were.

Since the audit was ordered, a new mayor was elected and a new city manager hired. The majority of city council members are also newly elected.

Councilwoman Liz Keating, who was on council when the audit was approved, wants answers.

"I read the draft report and it does not appear to accomplish what was originally intended by Council nor what was expected by taxpayers," said Keating, council's lone Republican. "I look forward to reviewing the final report and having more of my questions answered by the consulting firm."

Hamilton County judge Betsy Sundermann, who was a councilwoman when council decided to do the audit, also wants to know why the audit is not more detailed.

"Cincinnati is still recovering from sweeping corruption at City Hall," said Sunderman, a Republican. "There's only one reason an ethics investigation would be scaled back right now: Someone is protecting one or more people."

What happened to the word 'forensic?'

Former Vice Mayor Christopher Smitherman first proposed a forensic audit in December 2020, shortly after the third arrest. The Enquirer reviewed city records and found council approved a "forensic audit" on Feb. 3, 2021. But the ordinance providing \$150,000 to do the audit, which passed on June 9, 2021, dropped the word "forensic."

A review of the city's contract with Crowe, signed on January 12, 2022 by a partner with Crowe and Assistant City Manager Billy Weber, shows the word forensic was indeed dropped sometime between the time the motion called for a forensic audit and when the contract was signed.

The contract called for Crowe to review the voting records for signs of "improper acts," look for deficiencies in the development process, report on "instances of non-compliance with city policies and instances of fraud, waste, abuse and assess whether there was a conflict of interest in any council votes.

There is no mention of seeking out any pay-to-play problems, which was alleged in the federal corruption cases that spurred the audit. The contract also specifically said Crowe was to look at council member actions only, which meant it would not include actions by the mayor. Then-Mayor John Cranley has said he was involved in city development deals. The scope specified auditors would "interview staff, management, council and officials, as appropriate." There was no mention of talking to developers about their experiences.

Crowe LLP did not reply to an email sent Tuesday seeking comment or a call to their office Wednesday. So far the city has paid Crowe \$29,000.

Smitherman: Final audit should be more detailed

Smitherman told The Enquirer he wants the audit to be sent back and done as intended. So does former City Councilman Guy Guckenberger, who was part of a reform task force convened around the same time by city council to study the city's development process and make recommendations to help insulate the process from political influence and cronyism.

The audit and task force were to work simultaneously.

"The number one thing council needed to do is to reestablish trust between citizens and government," Smitherman said. "This audit was meant to do that. To say they are not going to do it – It doesn't matter who said it – is disappointing. This is something that should have and still should be done."

Smitherman said he expected auditors to talk directly to city development employees and developers about every deal approved in those three years to find out if they felt pressure by anyone to do something they thought was wrong.

"It shouldn't just be the FBI doing it, we should be doing it," Smitherman said. "It's our house. It is our responsibility to do it."

Guckenberger said the task force was told a forensic audit was being done.

"There seemed to be a prevalent attitude on city council that it's OK to solicit developers for campaign contributions," Guckenberger said. "And, as a result, a forensic audit is needed to determine if a solicitation went too far, indicating there might be a connection between a donation and a vote."

Audit prompted by 'culture of corruption'

Corruption rocked City Hall with the arrest of the three council members in 2020, shining a spotlight on [how development deals were being brokered](#).

Councilwoman Tamaya Dennard was arrested in February 2020, accused of selling a favorable vote on The Banks for approximately \$15,000. [Dennard pleaded guilty](#) in June 2020 to a charge of honest wire services fraud and sentenced to spend 18 months in prison. She was released last year.

Councilman Jeff Pastor [was arrested](#) in November 2020 on charges of bribery, money laundering, attempted extortion and conspiracy in a pay-to-play scheme related to a downtown development deal. His trial was delayed after his attorney was suspended from the practice of law. No new [trial date has been set](#).

Councilman P.G. Sittenfeld [was arrested](#) after Pastor in November 2020, accused of selling a favorable vote related to the same development deal as Pastor in exchange for contributions to his political action committee. Sittenfeld was running for mayor at the time. Sittenfeld was [convicted on felony charges of bribery and attempted extortion](#) on July 8, but acquitted of four other charges. Post-trial motions in which Sittenfeld is [seeking an acquittal or a mistrial](#) are pending before the trial judge. No sentencing date has been set.

All three cases are unrelated to each other. During Sittenfeld's trial, it came to light the FBI had been investigating corruption in City Hall since at least the fall of 2017.

The top federal prosecutor in the southern district of Ohio at the time said City Hall had a “culture of corruption.”

Dennard, Pastor and Sittenfeld were replaced and council pledged to get to the bottom of corruption.

Draft audit: No 'fraud, waste or abuse' found

Dennard's arrest in February 2020 shocked City Hall, but it seemed like the alleged corruption involved just her and one development deal. After Pastor and Sittenfeld were arrested in November 2020 within weeks of each other on separate corruption charges, Smitherman was concerned about systemic problems. And the only way to know what was really happening was for an outside expert to investigate, so he proposed the forensic audit.

Publicly, every elected official said it was a good idea. But the Crowe report suggests somebody didn't agree.

The Crowe report says, "After discussions with city administration, however, Crowe was tasked with conducting the assessment of council actions under the Association of International Certified Professional Accountants' consulting standards rather than a performance audit under Government Auditing Standards issued by the Comptroller General of the United States."

An accountants' audit is a cursory look at whether there is compliance with rules and regulations.

According to the audit, Crowe looked at whether the approval process was followed in a sampling of deals. And for all deals, it reviewed council members' financial disclosure forms to look for conflicts of interest. It also looked at voting trends.

The report said auditors held weekly meetings with the city's top ethics officer and with "city officials at City Hall," including an assistant city manager. No specific names are mentioned.

There is no mention that auditors talked to Development Director Markiea Carter, who has had that job since January 2020 or Phil Denning, who was the development director from January 2018 to January 2020. Nor does it say auditors talked to developers. In all three of the cases in which council members are accused of criminal wrongdoing, it was the developer or FBI agent pretending to be a developer who exposed problems.

The audit concluded: "Crowe did not identify any instances of non-compliance, fraud, waste or abuse in the city's development project-related ordinances during the stated period. Further, Crowe did not note any instances in which a council member has a conflict of interest with the entity included in the ordinance."

The report found Sittenfeld never voted against a development deal and Dennard was most likely to vote against development deals. Of the 105 deals she cast votes on, she voted no 39 times, a little more than 20% of the time, the report found.

But that doesn't show whether there was specific pressure by anyone to make a deal. The only way to know that would be to talk to the city employee who put the deal together and the developer seeking the deal about whether they were forced to do anything they felt was improper.

In both Sittenfeld's and Dennard's federal corruption cases, developers said in court or court records they felt pressured by the councilmembers in return for favorable votes in their projects.