

Tribal Gaming Grants

May 11, 2020

Project Team:

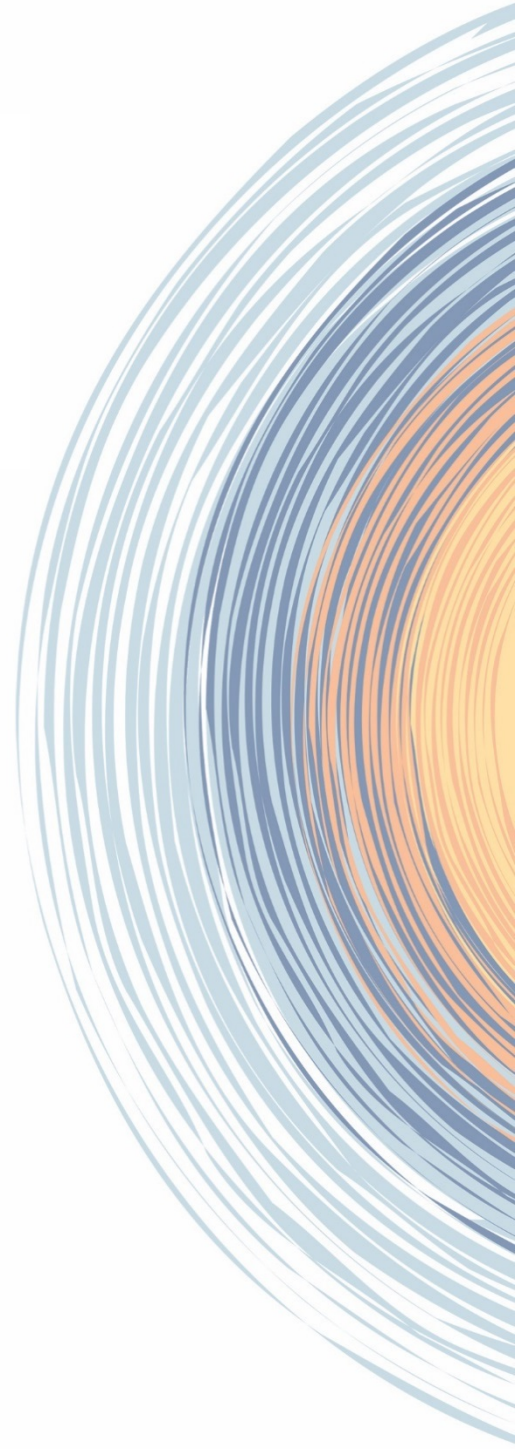
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Mission Statement

To enhance and protect organizational value by providing high-quality, objective, risk-based audit and consulting services to assist the City in accomplishing strategic priorities, goals, and objectives.



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Executive Summary

Purpose

We audited the 2018 and 2019 Tribal Gaming Grants awarded to the City of Tempe to determine if there were proper controls in place over the receipt and distribution of funding, grant applications and acceptance of funds were properly approved, and grant funds were expended in alignment with the purpose and scope outlined in applications.

Background

Per State law, tribes are required to distribute 12% of gaming proceeds to cities, towns and counties for government services that benefit the general public, including public safety, mitigation of impacts of gaming, promotion of commerce and economic development.

City departments are encouraged to submit applications as a part of the annual budget preparation process. Once consensus of Council is achieved on the applications, a resolution is approved by the Council to move applications forward to the tribes. When the City is notified which applications are funded, Council (in most instances) approves a resolution to enter an IGA to accept the funds. Funds are received by the City and distributed to the various projects. Some funds awarded to external agencies are passed through to those agencies.

In 2018, Tempe applied for grants from six tribes and was awarded \$825,839 in grants from three tribes (\$633,278 in additional pass through funds to other agencies). In 2019, Tempe applied for grants from five tribes and was awarded \$732,960 in grants from two tribes (\$518,500 in additional pass through funds to other agencies).

Results in Brief

1. Proper controls are in place over the receipt and distribution of tribal grant funding.
2. Tribal Gaming grant applications and acceptance of funds were properly approved by City Council.
3. Grant funds we tested were expended in alignment with the purpose and scope outlined in the City's grant applications.

Recommendations

There are no recommendations.

1 – Grant Application and Acceptance Approval Process

Background

City departments are encouraged to submit applications as a part of the annual budget preparation process. After review by the Strategic Management and Diversity Office, recommended applications move forward for Council review. Once consensus of Council is achieved on the applications, a resolution is approved by the Council to move applications forward to the tribes. The City is notified which applications are funded and the Council approves a resolution to enter into an IGA to accept and distribute the funds (exception: Gila River Indian Community (GRIC) does not enter into IGAs so the City Manager authorizes distribution of the funds based on the GRIC and City Council resolutions)). Funds are received in a lump sum by the City and distributed to the various project cost centers. Some external agency applications, such as Rio Salado Foundation, Phoenix Zoo, and Salvation Army are forwarded to tribes along with City applications. Funds awarded to these external agencies are received by the City and passed through to these agencies.

In 2018, Tempe applied for grants and received funding from the following tribes: Salt River Pima Maricopa Indian Community (SRPMIC), GRIC, and Ak-Chin. Applications were submitted to the following tribes but were not funded: Fort McDowell, Pascua Yaqui, and Tohono O'odham.

In 2019, Tempe applied for grants and received funding from the following tribes: GRIC and SRPMIC. Applications were submitted but no funding was received from the following: Ak-Chin, Fort McDowell, and Pascua Yaqui.

In 2018, Tempe was awarded \$825,839 in Tribal Gaming grants (\$633,278 in additional pass through funds to other agencies). In 2019, Tempe was awarded \$732,960 in Tribal Gaming grants (\$518,500 in additional pass through funds to other agencies).

Approach

For 2018 and 2019 grant applications, we reviewed the IRS memo used to solicit Council consensus on grant applications and ensured that Council approved resolutions for grant applications and grant acceptance in accordance with Municipal Budget Office policy. In addition, for applicable tribes, we reviewed the IGAs approving the acceptance and distribution of grant funds.

Results

For all 2018 and 2019 grants reviewed, all grant applications, acceptance of funds, and IGAs were found to be properly approved by City Council.

No exceptions were noted when verifying that all 2018 and 2019 grant applications, acceptance of funds, and IGAs were properly approved by Council.

Recommendation

None. For information only.

2 – Grant Funding

Background

Once tribes award grants, the City is notified of the funding amounts and each tribe sends one check to the City which includes all City grant funds and external agency grants, if applicable. The funds are deposited in separate cost centers by tribe.

For external agencies, checks are requested by the City Manager's Office and funding letters are prepared. Once funding letters are signed by each agency, checks are signed for by the agency representatives and released.

For City grants, departments are notified of the funded amounts and are asked to initiate a general ledger reclassification to move funds to their specific grant cost centers.

Approach

We assessed the controls in place over the receipt and distribution of grant funding to ensure funds were deposited intact and distributed in accordance to the tribes' approval. For tribal grants received by Tempe in 2018 and 2019, the initial deposits of the funds provided by the tribes were traced in PeopleSoft (cost centers are set up for each tribe). These deposits were matched to the amounts documented as approved by the tribes through IGAs or tribal resolutions. For the portions of the grants awarded to Tempe departments, transfers of the deposited funds were traced to the appropriate cost centers set up for each grant. The approved funding amounts were confirmed as the amounts transferred to the related cost center. For the pass-through grants going to outside agencies, signed pass through letters were reviewed for each grant and signed acknowledgements for picking up each check were also verified. The amounts on the letters and checks were verified to the granted amounts.

Results

Proper controls were in place over the receipt and distribution of the tribal gaming grant funding to ensure funds were deposited intact and distributed in accordance with the tribes' approval.

All funds received from tribes were traced from approval documents to the receipt of funds by the City and distribution of funds to departments (or external agencies in the case of pass through grants).

Recommendation

None. For information only.

3 – Grant Expenditures

Background

Once grant funds are received by the City, they are allocated to specific grant project cost centers and expended for the purposes stated in the grant application. The most significant grants were reviewed and are listed as follows:

<u>Description</u>	<u>2018 Amount</u>	<u>2019 Amount</u>
Park Officer Vehicle	\$61,800	\$0
Moeur Park Restoration	281,265	108,623
Patient Advocate Services	233,896	204,185
Eviction Prevention	50,000	50,000
SS Case Management	100,000	100,000
Kinder Kids After School	23,582	27,214
Getz Scholarship Fund	58,240	0
Total Reviewed in Detail	\$808,783	\$490,022
Total Grants Received	\$825,839	\$732,960
% reviewed	98%	67%**

** The reason the % reviewed is lower in 2019 is because many of the new grants were recently funded and have not been expended as of the date of audit.

Approach

For a sample of grants received by the City, we reviewed funds expended to ensure alignment with the scope and purpose of the grant (as stated in the grant application).

Expenditures charged to the cost centers for the grants listed above were reviewed as follows:

Wages: verified that the wages charged were for staff specifically assigned to perform work related to the grant.

Cell Phones: ensured that the cell phones were assigned to staff working on grant activities and were specifically related to the purpose of the grant.

Supplies and other expenses: verified that any other expenses charged to the grant cost center relate to the purpose and scope of the grant. Note: we did not perform a 100% review of supplies and other expenses. The most significant charges to the grant cost centers were reviewed.

Results

All grant expenditures reviewed were in alignment with the purpose and scope of the grant, as stated in the grant application.

A sample of expenditures were verified to source documents for the grants listed in the table above. Wages charged to the grant cost centers reviewed were verified with payroll to match individuals working on the grant projects. Cell phones charges were confirmed with Procurement to ensure phone users were performing grant-related work.

Recommendation

None. For information only.

Scope and Methods

Scope

This audit covered tribal gaming grants for 2018 and 2019. Grants to the City were reviewed in detail; however, grants received by the City to pass through to other agencies were not reviewed with the exception of ensuring that the funding letters were signed by the agencies and checks issued to outside agencies were accurate and signed for upon distribution.

Methods

We used the following methods to complete this audit:

- Reviewed the Council review and approval process for grant applications, acceptance, and IGAs
- Reviewed the process used to receive funds from the tribes, deposit to the appropriate general cost center, distribution of funds by check to external agencies, and reclassification of funds to the appropriate grant cost centers for each specific project
- Reviewed a sample of expenditures to ensure they matched the grant purpose and scope

Unless otherwise stated in the report, all sampling in this audit was conducted using a judgmental methodology to maximize efficiency based on auditor knowledge of the population being tested. As such, sample results cannot be extrapolated to the entire population and are limited to a discussion of only those items reviewed.