



**Agenda Item # 12  
ATTACHMENT B.1**

February 7, 2017

To: The Honorable Brent Malever, President of the Council  
The Honorable Matthew Wardell, President Pro Tem  
The Honorable James Hilty  
The Honorable Jay Musleh  
The Honorable Mary Sue Rich  
The Honorable Kent Guinn, Mayor  
John Zabler, City Manager

Re: Review of Community Cash Sponsorship Processes - Project 2017-02

Internal Audit reviewed the system of management controls and processes over the FY 2017 Community Cash Sponsorship processes, to include the roles and responsibilities, and submission requirements at the request of the previous City Council President. The purpose of the Cash Sponsorship Program is to provide funding for non-profit, tax exempt, government, or for-profit community support organizations and/or events. For FY 2017, \$125,000 was budgeted for the Cash Sponsorship Program.

We reviewed the Community Cash Sponsorship Policy and discussed current processes with the Director of Budget & Legislative Affairs. We also reviewed and tested the FY 2017 Cash Sponsorship Requests that were submitted to City Council for approval and allocation of funding for completeness. The current policy is noted as a City Council policy. We noted that five requests were withdrawn from consideration before presentation to the Council. Although the policy states that the submission deadline for completed applications will be the first Monday in May, the deadline was extended this year to June 1, 2016.

Based on the work performed, the Community Cash Sponsorship Program is not completely following the established policy and procedure due to late submissions being accepted and processed for subsequent approval by the City Council.

We found that:

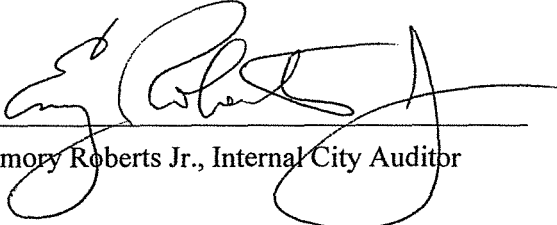
- 7 of 13 (54%) requests considered by City Council were submitted late after the extended submission deadline of June 1, 2016 (note: 5 of 10 approved requests were late);
- Only 2 requests had some type of date received stamped or written on the application so we relied upon the signature date (note some applications are received via email as well); and
- One group, Ocala Main Street, informed the Budget Department via email of an event change before the final City Council budget approval.

We also discovered that the processing of late applications has been ongoing for several years as organizations reach out to City Council members and Senior Management for support in submitting cash sponsorship applications after the deadline. During our review, we were aware of at least two additional FY 2017 cash sponsorship requests that were brought to the Budget Department and rejected per the Director of Budget & Legislative Affairs.

*We recommend that the current Community Cash Sponsorship Policy and application be reviewed, updated, and completely implemented. Unless modified, compliance with the policy should begin with the complete enforcement of the submission deadline (1<sup>st</sup> Monday in May) similar to other governmental deadlines for grants application with no acceptance of any applications after the deadline until the following year.*

Also, we found one opportunity to improve the Community Cash Sponsorship processes by the use of a “date received stamp” and log for documenting the actual date of receipt of all community cash sponsorship applications in the office.

We appreciate the assistance of all personnel involved in the review from the office of Budget & Legislative Affairs.

A handwritten signature in black ink, appearing to read "Emory Roberts Jr.", is written over a horizontal line. The signature is stylized and cursive.

Emory Roberts Jr., Internal City Auditor

cc: Bill Kauffman, Assistant City Manager  
Cindy Kelley, Director of Budget & Legislative Affairs