

RESOLUTION OF THE CITY COUNCIL

No. 205

Approved May 25, 2016

WHEREAS, In recent weeks, issues have surfaced in the General Assembly regarding connections between certain agencies that receive legislative grants and the legislators who sponsor or advocate for those grants; and

WHEREAS, In response, the General Assembly leadership initiated an audit of certain legislative grants; and

WHEREAS, The Governor announced her intention to assist the General Assembly in making their legislative grant program more transparent, accountable and competitive; and

WHEREAS, The City Council has for many years operated legislative grant programs (known by various names, including but not limited to “contingency” accounts); and

WHEREAS, The City Council’s legislative grant program received media attention in 2013, at which time questions were raised the program’s transparency and the nature of the relationships between some of the beneficiary agencies and the legislative sponsors; and

WHEREAS, The City Council did not conduct its own review of the program; instead initiating some reforms whose implementation is not clear; and

WHEREAS, The State Police recently reviewed the account records of an agency that received extensive “contingency” grants from the City Council, and that review led to an arrest based upon a complaint stating felony charges.

NOW, THEREFORE, BE IT RESOLVED, That the Providence City Council hereby declares its intention to review City Council grants exceeding \$100 in any year made under its various programs to (a) determine whether the awards met all applicable requirements and were used for the purposes they were awarded, and (b) provide data for possible improvements in the system; and

BE IT FURTHER RESOLVED, That the City Council hereby commissions the Internal Auditor to prepare a report regarding City Council legislative grants from all accounts (including but not limited to the “contingency” accounts, the “City Council President” account and the “Finance Committee Chair” account) for the period July 1, 2007 to June 30, 2016, including the following information for each grant:

- a. Date;
- b. Amount;
- c. Purpose of the grant;
- d. Recipient;
- e. Sponsor (or sponsors);
- f. Any officers or employees of the recipient organization (or affiliated organizations) that are either
 1. City Council members, or
 2. Members of the immediate family of City Council members;
- g. Documentation as to how the money from the grant was spent; and
- h. Any other information regarding the program the Internal Auditor considers germane to the goal of making the program more transparent, accountable and competitive; and

BE IT FURTHER RESOLVED, That the City Council authorizes the Internal Auditor to spend an amount not exceeding \$20,000 to engage qualified consultant(s) to assist in the audit and to review it; and

BE IT FURTHER RESOLVED, That the City Council requests that the Internal Audit to submit the report by September 12, 2016 or, if the report is not complete, submit an interim report at that time; and

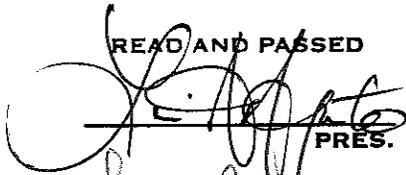
BE IT FURTHER RESOLVED, That beginning with the passage of this Resolution, the City Council will incorporate the following procedures into the administration of the grant program:

- a. All organization applying for a grant shall certify that no members of the City Council are (1) employees or officers of the organization or (2) have access to the organization's funds in any other way;
- b. All grants awarded will be listed on the City Council's web page including the following information:
 - 1. Date of grant;
 - 2. Amount;
 - 3. Purpose of the grant;
 - 4. Recipient;
 - 5. Sponsor or sponsors; and
- c. The City Council will, within a reasonable time, publish information about the grant application program on its web page.

IN CITY COUNCIL

MAY 19 2016

READ AND PASSED

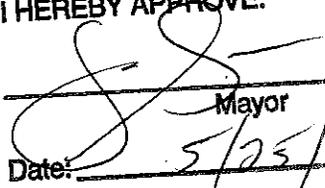


 PRES.



 CLERK

I HEREBY APPROVE.



 Mayor

Date: 5/25/16

Office of the Treasurer



City of Providence

JAMES J. LOMBARDI III Esq. CPA

May 19, 2016

Councilman Luis A. Aponte
Council President
25 Dorrance Street
Providence, RI 02903

Dear Mr. President,

On April 8, 2016, you asked me to review the so called Council Contingency Account. On April 11, 2016, I requested the records to begin my review. This response is a preliminary report based upon that request with the records obtained to date. It is not completed and limited in scope to this account and does not include similar accounts in the Mayor's office or other city departments or agencies. The purpose of this review is to obtain information and take a general review to determine if a policy is in place and is followed and to take a random sample to determine if there is anything unusual.

As it has been reported in 2014, a verbal policy was developed for grants provided by the Council. My understanding of the this policy was for an organization requesting a donation to fill out a form and to submit it to the City Clerk which was sponsored by the City Council President or City Council Finance Chair. Donations to attend events were excluded from this process.

To put things into prospective, for the current fiscal year, the budgeted amount in the Council Office is \$40,000 for all contingencies. It was slightly higher in prior years but would be considered immaterial to a \$700,000,000 budget. These accounts have been in existence for at least 20 years and have been reported in the media on numerous occasions.

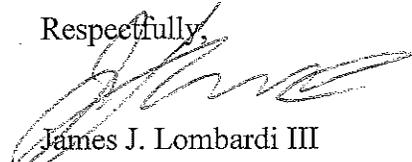
Since July 1, 2010 to present there are approximately 219 direct pay invoices (not all are donations). We took a sample of 72 of the 72, 26 did not have employer identification numbers on the form. Of the 72, questions arise on 26 about following procedure. For

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example, hand written post it notes with instructions, no formal request forms, no back present, forms were City Council Community Grant form were not present. Further review is needed to determine the locations of additional documents and materiality. The largest grants were for \$6,000 to Classical High School. Since July 1, 2010, the Providence Cobras received approximately \$5,500 (July 8 2010 \$500, June 30. 2011 \$500, May 21, 2012 \$2,500 and July 1, 2013 \$2,000).

As previously stated, this is my preliminary findings and I will continue to review the documents and provide recommendations when the report is issued.

Respectfully,



James J. Lombardi III
Treasurer