

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY



November 24, 2010

Billy Lynch
Public Works
750 South 5th Street
Nashville, TN 37206

Dear Mr. Lynch:

Please find attached the Monitoring Report of the Public Works Department relating to the American Recovery and Reinvestment Act (ARRA) grant received for the fiscal year ending June 30, 2010. The Office of Financial Accountability (OFA) is charged with the responsibility of monitoring grant funds from Metropolitan Nashville Government to any nonprofit organization and federal and state grants to departments within the Metropolitan Nashville Government.

We have reviewed your department's ARRA compliance for the first three quarters of FY 2010. We are pleased to inform you that no issues were noted during the review. Further, nothing came to our attention which would necessitate recommendations for improvements in methods and processes pertaining to ARRA grant compliance.

We will continue to monitor your agency's progress as ARRA projects are funded and completed. We appreciate the assistance provided by your agency during the course of the review. If you have any questions, please call me at 615-880-1035.

Sincerely,

Fred Adom, CPA
Director

cc: Sharon Wahlstrom, Senior Accountable Official
Richard M. Riebeling, Director of Finance
Talia Lomax-O'dneal, Deputy Director of Finance
Gene Nolan, Deputy Director of Finance

Kim McDoniel, Chief of Accounts
Mark Swann, Internal Audit
Kevin Brown, Office of Financial Accountability
Laura Cowan, Office of Financial Accountability
Essie Robertson, Office of Financial Accountability
Brad Thompson, Office of Financial Accountability



◆ Monitoring Report of ◆

Public Works



Conducted by



Office of Financial Accountability

November 24, 2010

MONITORING REPORT

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INTRODUCTION

The Office of Financial Accountability (hereinafter referred to as “OFA”) has completed an American Recovery and Reinvestment Act (ARRA) compliance review of Public Works. A compliance review is substantially less in scope than an audit. The OFA did not audit the financial statements and, accordingly, does not express an opinion or any assurances regarding the financial statements of the Metropolitan Government of Nashville and Davidson County (hereinafter referred to as “Metro”) or any of its component units. The OFA is responsible for the internal monitoring of Metro agencies that receive federal and state financial assistance, including cooperative agreements and non-profit organizations that receive appropriations and Community Enhancement Funds from Metro government. In summary, any agreement(s) that imposes performance and/or financial requirements on Metro government is subject to review by the OFA.

The scope of our review included audit testing of ARRA funding received during the first three quarters of FY 2010. Grants reviewed for your department are shown in the following table:

ARRA Grant	Grantor	Award Amount
ARRA Signal Timing Upgrade	US Dept of Transportation	\$997,000.00
ARRA Group 3 Resurfacing	US Dept of Transportation	\$2,828,403.00
ARRA Group 2 Resurfacing	US Dept of Transportation	\$2,176,391.00
ARRA Group 1 Resurfacing	US Dept of Transportation	\$2,255,931.00
ARRA Various Intersection Improvements	US Dept of Transportation	\$990,000.00
ARRA Multi-Modal Signal Enhancements	US Dept of Transportation	\$997,000.00
ARRA West End Sidewalk Maintenance	US Dept of Transportation	\$538,606.00

Background

The Recovery Act is an economic stimulus package enacted by Congress and signed into law in February 2009. It was intended to provide a stimulus to the U.S. economy in the wake of the economic downturn. ARRA funds awarded help support various projects throughout Metro Nashville. The Recovery Act states that all federal funding should be expended or obligated by September 30, 2010.

The ARRA grant process begins with agencies identifying funding needs and sources. For federal grant awards, Metro agencies can be a prime or sub-recipient. When an agency obtains grant funds directly from a federal agency, the agency is considered a prime recipient. When funds are granted to an agency through a non-federal entity, the agency is considered a sub-recipient. Prime recipients of federal funds have more responsibilities for grant administration, monitoring and reporting than sub-recipients. Metro Nashville has received grants as both a prime and a sub-recipient. ARRA recipients are required to register at www.federalreporting.gov to meet the requirements of the Recovery Act. This website is the only central government-wide data system intended for collecting ARRA spending information directly from recipients. The data submitted each quarter is used to populate www.Recovery.gov, which is the website the public can access in order to give taxpayers information on the manner and purpose in which funds were expended.

METHODOLOGY

As Metro agencies were approved for ARRA grant funding, the OFA conducted an initial ARRA Readiness Assessment. At that time, any potential concerns related to internal controls over ARRA funding or reporting requirements were communicated at the department.

For the first three quarters of FY 2010, we conducted a compliance review for those Metro agencies receiving ARRA funding. Substantially all (100%) of each department's ARRA grant funding was subject to compliance testing by the OFA.

Our process included a review of expenditure reports submitted to the grantor and/or to Recovery.gov, the Federal government's ARRA reporting website. Sampled expenditures reported under the grant were reconciled to financial data shown in EBS for that particular business unit. Sampled expenditures were also reconciled to relevant supporting documentation, where applicable. In order to ensure compliance with detailed state and federal reporting requirements, we also assessed the timeliness of ARRA reporting for each department.

It is important to note that, at the time of our review, some Metro departments had already undergone an independent audit of its ARRA grants. To avoid unnecessary duplication of efforts, we performed minimal audit procedures for those agencies previously audited by an independent governmental entity. In such instances, procedures included a review of the conclusions reached by the independent agency and/or the published audit report on the Metro department's ARRA compliance. In those cases, no further review and assessment was necessary on our part. Independent agencies performing such audits include state and federal governmental entities and Metro Internal Audit.

ISSUES AND RECOMMENDATIONS

Issues

No issues were noted during the review.

Recommendations

Nothing came to our attention which would necessitate recommendations for improvements in your department's methods and processes related to ARRA grant compliance.