

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY



November 24, 2010

Renee Pratt
Social Services
523 Mainstream Drive, Suite A
Nashville, TN 37228

Dear Ms. Pratt:

Please find attached the Monitoring Report of Social Services 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.

Detailed information, including recommendations, regarding any issues noted during our review is outlined in the "Issues and Recommendations" section of the attached report. Specific issues noted include:

- Contract issues pertaining to meals that were provided to participants who did not meet the eligibility requirements because they were under the age of 60.

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: Pamela McEwen, 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** ◆

Social Services



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 Social Services. 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 Aging Congregate Nutrition Services	US Dept Health & Human Services	\$233,251.00

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

In reviewing your grants and relevant documents and reports, we noted the following issues:

Issue 1

For the Aging Congregate Nutrition Service Grant, the Contract specifically states that the grantee “shall provide congregate meals to participants who meet the eligibility requirements as outlined in the Older Americans Act of 1965, as amended, and in Chapter 7 of the "Policies and Procedures for Services Contracted through Area Agencies on Aging and Disability". Eligible participants shall be elderly persons age 60 and over who participate in meals at a nutritional site, senior center, or other congregate setting.”

Some participants tested were under 60 but were served meals, because they resided in a housing facility in which main residents were qualified individuals. Per Chapter 7, people who reside in a housing facility that is predominantly occupied by eligible participants *can still be served* even though the contract did not specifically state that clause as well.

Recommendation

The contract should either:

1. Omit the paragraph in section A.2. of the grant contract which requires the organization to serve only individuals age 60 and over; or
2. If you intend to serve these individuals, the contract should specifically state that as well.