

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY



December 9, 2010

Barry Warner
The Salama Institute
1205 8th Avenue South
Nashville, TN 37203

Dear Mr. Warner:

Please find attached the Monitoring Report of The Salama Urban Ministries relating to the contract it has with the Metropolitan Government of Nashville and Davidson County for the fiscal year ending June 30, 2010.

The Office of Financial Accountability is charged with the responsibility of monitoring grant funds, including Community Enhancement Funds, from Metropolitan Nashville Government to any nonprofit organization. Staff from the Office of Financial Accountability conducted the review on October 18, 2010.

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: Stan Weber, Executive Director
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
Essie Robertson, Office of Financial Accountability
Brad Thompson, Office of Financial Accountability



Metropolitan Government of Nashville and Davidson County

THE SALAMA URBAN MINISTRIES

◆ Monitoring Report ◆

Conducted by



Office of Financial Accountability

December 9, 2010

MONITORING REPORT

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INTRODUCTION

The Office of Financial Accountability (hereinafter referred to as “OFA”) has completed a monitoring review of The Salama Institute. A monitoring 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 Salama Urban Ministries or any of its component units. The OFA is responsible for the internal monitoring of Metropolitan Government of Nashville and Davidson County (hereinafter referred to as “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 purpose of this review was to assess the agency’s compliance with contractual requirements set forth in the following contract with Metro Government:

Contract	Type	Amount	Contact Term	
L-2330	Community Enhancement Funds	\$54,600	July 1, 2009	June 30, 2010

Agency Background

Salama (Swahili word for peace) Urban Ministries is a Christian based ministry that has served the inner city families of Nashville for more than 20 years, helping them to equip their children and youth with the skills and values needed to succeed in life. Salama Urban Ministries, Inc. has historically served an area south of Nashville called the Edgehill Community. The area both adjoins and surrounds communities, such as The Park at Hillside and The Edgehill Homes. The area served contains both public housing and privately held apartment complexes in addition to residential streets where Salama’s constituency is beginning to purchase single-family homes. For over 20 years, Salama has served effectively as an urban ministry in Edgehill and beyond. With strong support from the Edgehill community and many community partners, Salama has offered programs and services to over 1500 families. Salama’s programs and services have focused on: education, performing arts, job training and leadership.

OBJECTIVES, SCOPE AND METHODOLOGY

The objectives of our review were:

- 1) To determine whether the agency had the resources and capacity to administer the grant funds.
- 2) To determine if costs and services were allowable and eligible.
- 3) To verify that program objectives were met.
- 4) To test the reliability of the financial and programmatic reporting.
- 5) To verify contractual compliance.

The scope of our review was limited to the contract term July 1, 2009 through June 30, 2010.

Audit procedures included meeting with agency management and staff, reviewing the design of internal controls as a basis for establishing our testwork, reviewing Board minutes and obtaining written representations from management. In addition, we examined certain financial records and supporting documentation necessary to ensure compliance with contractual requirements set forth in Contract L-2330. Specific procedures included:

- Interviewing the employees responsible for grant management, financial reporting, and accountability.
- Reviewing supporting documentation of expenditures for allowability, necessity and reasonableness.
- Reviewing the agency's general ledger and verifying the accuracy of all invoices submitted to Metro.
- Reviewing documentation to determine that funds were used for intended beneficiaries and expended in accordance with the spending plan of the contract.
- Reviewing documentation to support program activities for consistency with grant requirements.
- Assessing the financial stability of the agency and its ability to continue to administer the grant program funded by Metro.

RESULTS OF REVIEW

SUMMARY OF RESULTS

Criteria	Yes	No
Sufficient Resources and Capacity to Administer Funds?	✓	
Costs and Services are Allowable and Eligible?	✓	
Program Objectives being Met?		✓
Reporting Requirements Met?		✓
Sufficient Internal Control Environment?	✓	
Compliance with Civil Rights Requirements?	✓	

RESULTS OF REVIEW

The overall results of the monitoring review are provided in this section. Results are based on testwork performed and include conclusions regarding specific review objectives and, if applicable, recommendations for improvement and an action plan for implementation. Where applicable, the Findings and Recommendations section of this report provides more insight into any issues identified below.

1. Sufficient Resources and Capacity to Administer Grant Funds

Our review of the agency's accounting system and the qualifications of the individuals assigned to manage the accounting records indicate that the agency possesses the necessary resources and professional expertise to effectively administer the grant funds.

2. Allowable and Eligible Costs and Services

Our review covered all of the core compliance areas identified by OMB Circular A- 133: *Audit of States, Local Government, and Non-Profit Organizations*. Costs incurred by the agency complied with applicable guidelines stated in OMB Circular A-122.

Additionally, the Metro Grants Manual requires separate accounting of the Metropolitan Nashville Government grant funds to prevent co-mingling of Metro Funds with other sources of funding. The agency is in compliance with this requirement. Different revenue classes as well as expenditure classes have been established to separately track the sources and amounts of funding. Also, the agency can easily and accurately report their expenses supported by the Metro Appropriation.

Based on our test work, costs and services during the period were allowable and eligible.

RESULTS OF REVIEW

3. Program and Performance Objectives

The contract stipulates that the agency shall use the funds to provide the following outcomes:

- Provide 65 students with individualized instruction in the year-round program;
- 75% of the students will demonstrate grade-level proficiency in reading and math, based on data from the student's report card;
- 75% of the students will report achievement and motivation to succeed academically, based on student surveys collected at the end of each semester, where scores are 70% or higher;
- 90% of the students will be promoted to the next grade level at the end of the regular academic year.

Based on our review of program documentation and discussions with staff, one program performance objective was not met and the agency is not in compliance with contractual program objectives. Please see Finding #1 for specific information regarding the unmet program outcome.

4. Reliability of Financial and Programmatic Reporting

The contract requires submission of an annual audit report performed by a Certified Public Accountant. The contract also requires the agency to submit to Metro year end reports of the program outcome and a final expenditures report, no more than 45 days after the close of the contract.

We reviewed all applicable financial and programmatic reports required by the contract, including audited financial statements. Based on our review, the agency did not comply with all financial and programmatic reporting requirements. Please see Finding #2 for specific information regarding the programmatic report.

5. Internal Control Environment

In order to determine the adequacy of the design of internal controls, we obtained and reviewed an independent auditor's report on internal control over financial reporting and/or a completed internal control questionnaire. This audit procedure was performed solely as a basis for determining our test work and to assist us in

RESULTS OF REVIEW

making suggestions for improvement to management. We did not evaluate the operating effectiveness of internal controls over financial reporting.

Our review of the design of the agency's internal controls did not reveal any control deficiencies. Further, nothing came to our attention that would necessitate suggestions for improvement in internal control activities to management.

6. Civil Rights Requirements

Our review did not reveal anything to indicate that the agency was noncompliant with civil rights requirements. The agency also has necessary written policies and procedures relating to civil rights. The agency has not received any complaints regarding any form of discrimination. Further, civil rights and ADA postings are publicly displayed.

FINDINGS AND RECOMMENDATIONS

1. Program Performance Goals Not Met

The Salama Urban Ministries reported the following outcomes in their final program report:

1. Provided 84 students with individualized instruction in the year-round program;
2. 88% of the students demonstrated grade-level proficiency in reading and math, based on data from the student's report card;
3. The survey was re-built for this past year and was not finalized until the summer of 2010. Only a portion of the students served were surveyed;
4. 99% of the students promoted to the next grade level at the end of the regular academic year.

Based on OFA staff testing, we found one of the program performance objectives to be unmet (#3).

The Salama Urban Ministries did not administer the survey per the contract requirements. The contract stated that they survey should be administered at the end of each semester; however, it was only administered one time, in the summer.

Recommendation:

Information pertaining to program objectives in the Final Program Report should be based on actual results and supported by written documentation. Management should review the achievement of those objectives before they are reported to the Metro Office of Grants Coordination to ensure their accuracy.

2. Late Programmatic Reports

Tests of the reporting requirements revealed that The Salama Urban Ministries failed to complete and submit the final expenditures report and/or final program report within the 45 days of the close of the grant as required by the contract. The revised final program report was not received by the Metro Grants Coordination until September 8th. Per section D.9 Reporting requirement under the Standard Terms and Conditions of the grant contract, the recipient "shall submit a final program report within 45 (forty-five) days of the end of the Grant Contract." The

FINDINGS AND RECOMMENDATIONS

contract period ended on June 30, 2010 therefore the final program report was due no later than August 15, 2010.

Recommendation:

The agency should ensure that final program reports are submitted to the Division of Grants Coordination no later than August 15th.

Corrective Action Plan Required

Please submit a corrective action plan indicating the actions the agency intends to take to correct the findings identified in this report. The corrective action plan should be submitted within 30 days from the report date to the address below:

Division of Grants Coordination
700 2nd Avenue South, Suite 201
Nashville, TN 37210
ATTN: Director