

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY



January 17, 2013

Whitney Weeks, Board Chair
Martha O'Bryan Center
711 South Seventh Street
Nashville, TN 37206-3895

Dear Ms. Weeks:

Please find attached the Monitoring Report of the Martha O'Bryan Center relating to the contract it had with the Metropolitan Government of Nashville and Davidson County for the fiscal year ending June 30, 2012.

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 29, 2012.

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: Marsha Edwards, 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

◆ Monitoring Report of ◆

MARTHA O'BRYAN CENTER

Conducted by



Office of Financial Accountability

January 17, 2013

MONITORING REPORT

TABLE OF CONTENTS

INTRODUCTION	5
OBJECTIVES, SCOPE AND METHODOLOGY	6
RESULTS OF REVIEW	7
FINDINGS AND RECOMMENDATIONS.....	11

INTRODUCTION

The Office of Financial Accountability (hereinafter referred to as “OFA”) has completed a monitoring review of Martha O’Bryan Center. 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 Martha O’Bryan Center 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-2632	Community Enhancement Funds	\$117,100	July 1, 2011	June 30, 2012

Agency Background

Martha O’Bryan Center is a faith-based family resource center founded in 1894, when Miss O’Bryan, a retired teacher, organized the Gleaners Society at First Presbyterian Church to work with the needy of North Nashville. In 1948, the group began operating at the current site in Cayce Place in east Nashville, where it continues to serve those struggling in poverty. Throughout its history, it has worked to address immediate and long-term needs to help Nashville’s most vulnerable families more fully realize their potential.

On a foundation of Christian faith, the Martha O’Bryan Center empowers children, youth, and adults in poverty to transform their lives through work, education, employment and fellowship. Its history reflects a model of service with deep roots in the past and wide vision for the future to address poverty and individual need, while transforming a distressed community into a better place to live.

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, 2011 through June 30, 2012.

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-2632. 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.

FINDINGS AND RECOMMENDATIONS

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 was 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 grant.

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

3. Program and Performance Objectives

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

RESULTS OF REVIEW

- The THRIVE program will serve 110 elementary/middle school youth and 160 high school youth.
- 60% of middle school youth will increase coping skills, knowledge of healthy social/emotional behaviors and resiliency, as measured by the curriculum's pre/post tests.
- 65% of middle school youth will increase knowledge of future careers and individual gifts/talents through participation in career exploration courses as measured by pre/post tests.
- 95% of middle school youth will demonstrate their commitment to understanding of citizenship through planning and implementation of service-learning projects as measured by the Community Action Plan & Reflection Report.
- 80% of middle school youth will increase their reading vocabulary and/or comprehension skills by 6 months as measured by the Woodcock Johnson Reading Mastery Test.
- 80% of high school youth will develop a student action plan.
- 80% of declared high school youth will complete preparatory exams (ACT/entrance).

Based on our review of program documentation and discussions with staff, program performance objectives have not been met and the agency was not in compliance with contractual program objectives. Please see Finding #1 for more details.

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 complied with all financial and programmatic reporting requirements; however, some information contained within the final program report was inaccurate and misleading. Please see Finding #1 for more details.

RESULTS OF REVIEW

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 making suggestions for improvement to management.

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. The Agency failed to meet and accurately report on program objectives.

Review of the results of the program activities revealed that the agency failed to meet the program objectives as set forth in the grant contract. In addition, the agency failed to accurately report the program outcomes. Per the grant contract, 80% of declared high school youth that participated in the Thrive program will complete preparatory exams (ACT/entrance). The agency reported that 112 youths completed the preparatory exams; however, the agency did not report the percentage as required. In addition, review of supporting documentation revealed that out of the 112 reported only 41 was completed within the grant contract period. As a result of only 41 youths completing the exam within the proper grant period, only 34% of the youths completed the exam and not the 80% as required by the grant contract.

Recommendation:

The Performance measures determine the success of the grant program. Management should take all necessary measures to monitor and ensure the agency attains the performance objectives. Management should develop a plan to ensure program objectives will be attained in the future.

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
PO Box 196300
Nashville, TN 37219
ATTN: Tonya Bowers