

BILL PURCELL, MAYOR



METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DEPARTMENT OF FINANCE
OFFICE OF FINANCIAL ACCOUNTABILITY
222 THIRD AVENUE NORTH, SUITE 315
NASHVILLE, TENNESSEE 37201

April 27, 2004

Nancy Saturn, Board Chair
Metropolitan Nashville Arts Commission
209 Tenth Avenue South, Suite 416
Nashville, Tennessee 37203

Dear Ms. Saturn:

Please find attached the Monitoring Report for the Metropolitan Nashville Arts Commission. This report explains the results of the monitoring review of the agency's federal and state grants and other financial assistance for the fiscal years ending June 30, 2002 and 2003. Staff from the Office of Financial Accountability, formerly the Division of Grants Monitoring, conducted the fieldwork for this review on March 26 and March 27, 2003.

We appreciate your the cooperation and assistance provided us during the course of the review. We hope you find the results of the review useful for administering grants for the Metropolitan Nashville Arts Commission. If you have any questions, please call me at (615) 880-2805.

Sincerely,

Fred Adom, CPA
Director

cc: Mary Baker, Interim Executive Director, MNAC
David Manning, Director of Finance
Talia Lomax O'dneal, Deputy Director of Finance
Mitzi Martin, Chief Accountant
Kim McDoniel, Audit Manager
LaShawn N. Barber, Office of Financial Accountability



Metropolitan Government of Nashville and Davidson County

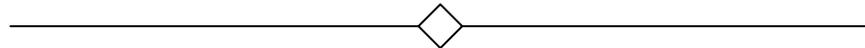
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◆ Monitoring Report of ◆

Metropolitan Nashville Arts Commission



Issued by



Office of Financial Accountability

April 27, 2004

Fred Adom, CPA
Director

LaShawn Barber,
Lead Auditor

Our Vision: To be excellent and proficient in monitoring and management services.

**MONITORING REPORT
FOR
METROPOLITAN NASHVILLE ARTS COMMISSION**

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EXECUTIVE SUMMARY

The Office of Financial Accountability (hereinafter referred to as "OFA") has completed a monitoring review of the State grants and contracts administered by the Metropolitan Nashville Arts Commission (hereinafter referred to as "MNAC" or "agency"). The monitoring process included a review of those contracts in effect during the fiscal years ending June 30, 2002 and June 30, 2003. The contracts reviewed are listed in Appendix A. The OFA conducted its monitoring review along the major compliance areas identified in the Office of Management and Budget (OMB) Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." The review was performed in accordance with Generally Accepted Government Auditing Standards and in compliance with the OMB Circular A-87, "Cost Principles for State, Local and Indian Tribal Governments."

OBJECTIVES, SCOPE, AND METHODOLOGY

A monitoring review is substantially less in scope than an audit. The OFA did not audit the financial statements for the MNAC and, accordingly, does not express an opinion or any assurances regarding the financial statements of MNAC or the Metropolitan Government of Nashville and Davidson County (hereinafter referred to as "Metro"). 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 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 overall monitoring objectives were as follows:

- To determine whether the activities and costs of the programs are allowable under the program regulations and provisions of the grant agreement
- To determine whether costs reported under the grant program are consistent with provisions of grantor guidelines and OMB Circular A-87
- To determine whether civil rights requirements are met
- To determine whether minimum requirements for local matching contributions and/or adequate level of expenditures by other sources of funds are met
- To determine whether the department adheres to grantor guidelines for equipment purchases
- To determine whether grant funds were used exclusively during the period in which the funds were authorized
- To determine whether purchases were made in accordance with OMB Circular A-87, the minimum federal, state and local requirements, and grantor guidelines
- To determine whether grant financial reports are reliable and timely
- To determine whether Federal compliance requirements regarding subrecipient oversight were met and whether the subrecipient performed in accordance with the contract terms.

The scope of the work included federal and state contracts listed in Appendix A. These contracts either had grant periods effective for or expiring during fiscal years 2002 and 2003, or expenditures were reported to the grantor during the review period. Although the review focused on this specific time period, certain analyses required the consideration of financial transactions outside of this time period.

The methodology adopted by the OFA encompassed various interviews and an objective review of fiscal files, including:

- financial transactions and supporting documentation,
- contract agreements and related amendments,
- Federal and/or State financial reports, and
- Internal and external correspondence.

OVERALL FINDINGS AND MAJOR REVIEW HIGHLIGHTS

Based on our review, the MNAC staff is very knowledgeable about the program requirements and issues and, based on our review, appears to be in compliance with the grant requirements. **No findings were noted for our review.** Minor deficiencies noted were discussed with the management.

**APPENDIX A:
METRO NASHVILLE ARTS COMMISSION
GRANTS REVIEWED FOR FY 2002 AND FY 2003**

This table identifies the grants and contracts reviewed in the course of our monitoring review:

FEDERAL & STATE GRANTS AND FINANCIAL ASSISTANCE				
Grantor	Program	Contract Number	Grant Period	Grant Award
Tennessee Arts Commission	Art Builds Communities	Z-02-008416-00	7/1/01-6/30/02	\$43,702
		GG-03-09801-00	7/1/02-6/30/03	\$50,593
Tennessee Arts Commission	Commission Initiative	Z-02-07714-00	7/1/01-6/30/02	\$10,000
National Endowment of the Arts	Challenge America Fast Track	01-7816-1345	9/1/01-8/31/02	\$10,000
National Endowment of the Arts	Major Institute Grant	Z-02-007476-00	7/1/01-6/30/02	\$47,500
		Z-03-012359-00	7/1/02-6/30/03	\$49,000