

BILL PURCELL
MAYOR



METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DEPARTMENT OF FINANCE
222 THIRD AVENUE NORTH, SUITE 650
NASHVILLE, TENNESSEE 37201

November 7, 2005

Dr. T.B. Boyd III, Chairman
African American History Foundation
6717 Centennial Blvd.
Nashville, TN 37209

Dear Dr. Boyd:

Please find attached the Monitoring Report of the African American History Foundation relating to the contract it has with the Metropolitan Government of Nashville and Davidson County for the fiscal year ending June 30, 2005.

The Office of Financial Accountability (OFA) is charged with the responsibility of monitoring grant funds from Metropolitan Nashville Government to nonprofit organizations. The OFA is also responsible for monitoring the federal and state grants to departments within the Metropolitan Nashville Government. Staff from the OFA conducted the review on September 15, 2005.

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,

A handwritten signature in black ink, appearing to read "Fred Adom".

Fred Adom
Director

cc: Donna Nicely, Director
David Manning, Director of Finance
Talia Lomax-O'dneal, Deputy Director of Finance
Kim McDoniel, Assistant Director of Finance
Don Dodson, Internal Audit
Bryan Gleason, Office of Financial Accountability
Kevin Brown, Office of Financial Accountability



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◆ Monitoring Report of ◆

African American History Foundation



Issued by



Office of Financial Accountability

November 7, 2005

Fred Adom, CPA
Director

Bryan Gleason
Lead Auditor

Kevin Brown
Assistant

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

Monitoring Report
for the
African American History Foundation

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OBJECTIVES, SCOPE AND METHODOLOGY

The Office of Financial Accountability (herein after referred to as OFA) is charged with the responsibility of monitoring grant funds from Metropolitan Nashville Government to any nonprofit organizations, which receive appropriations from the Metropolitan Nashville and Davidson County government. The OFA is also responsible for monitoring the federal and state grants to departments within the Metropolitan Nashville Government.

We have completed a monitoring review of the Metropolitan Nashville Government grant to the African American History Foundation for the year ended June 30, 2005. 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 assurance regarding the financial statements of the African American History Foundation. Our objectives for this review were:

- 1) To determine whether the agency has the resources and capacity to administer the grant funds
- 2) To test if costs and service are allowable and eligible
- 3) To verify that program objectives are being met
- 4) To test the reliability of the financial and programmatic reporting
- 5) To test the reliability of internal controls
- 6) To verify contractual compliance

The review was limited to the Metropolitan Government of Nashville and Davidson County grant **L-1335** in the amount of **\$40,000** to the African American History Foundation for the fiscal year ending June 30, 2005. The African American History Foundation is a nonprofit organization chartered in the State of Tennessee to establish a Museum to recognize and promote the culture and music of African Americans. The museum will be an educational facility and also a significant tourist destination. Grant funds from contract #L-1335 were used to cover the fees for architectural services, consulting services, supplies, and to cover expenses of community meetings.

To accomplish our objectives of the monitoring review we:

- Interviewed the officials responsible for the grant management, financial reporting, and accountability.
- Reviewed controls and supporting documentation of expenditures for allowability, necessity and reasonableness of the costs incurred.
- Reviewed operations and activities offered by the African American History Foundation and its compliance with the intended beneficiaries of the grant funds.
- Reviewed the financial stability of the African American History Foundation and its ability to continue to administer the grant program funded by Metro.
- Reviewed the agencies General Ledger to verify the accuracy of the agency's invoices submitted to Metro.

RESULTS OF MONITORING

The overall results of the monitoring review for the African American History Foundation are provided in this section. The results are based on tests performed and include conclusions regarding the specific review objectives and, if applicable, recommendations for improvement and an action plan for implementing the conclusions. Where applicable, the Findings and Recommendations section of the report provides more insight into the problem identified in the results below.

1. Possess necessary resources and capacity to administer the grant funds

Our review of the agency's accounting system, the qualification of the individuals assigned to manage the accounting records, and other available resources, indicates that the African American History Foundation possesses the necessary resources and expertise to administer the grants funds. The agency's fiscal operations are handled by Hoskins and Associates who has several years of grant accounting experience. The Board of Directors is actively involved in the day to day operations of the agency. The board meets regularly on the first day of the quarter.

2. Allowable and Eligible costs and services

The contract between Metropolitan Nashville Government and the African American History Foundation for the year ended June 30, 2005, required the African American History Foundation to use the grant funds to assist in the establishment of the museum of African American music, art, and culture. The museum will serve as a repository for artifacts of local, state, national, and international historical significance and to be a center for the understanding of African American music, art, and culture.

3. Program objectives being met

The contract between Metropolitan Nashville Government and the African American History Foundation of Metropolitan Nashville for the year ended June 30, 2005, stipulates that the Grantee is to use grant funds to cover the fees for architectural services, consulting services, supplies, and other cost incurred at community meetings. Our tests reveal the program objectives were being met.

4. Reliability of financial and programmatic reporting

The contract called for submission of an annual audit report performed by a Certified Public Accountant. The African American History Foundation of Metropolitan Nashville is required to submit to Metro reports of the program outcome and a final expenditures report 45 days after the close of the contract. Our review determined that the African American History Foundation of Metropolitan Nashville was not in compliance with this requirement.

5. Reliability of internal controls

Our review of the internal controls of the African American History Foundation did not reveal any significant weakness in the agency's internal controls. The Board of Directors provides close oversight and there appears to be adequate segregation of duties in the implementation of grant funds.

6. Civil rights requirements

Our review determined that the civil rights requirements were not applicable to the African American History Foundation due to the agency being in a preliminary planning stage of development of the facility.

FINDINGS AND RECOMMENDATIONS

1. Financial and programmatic reporting efforts need improvement.

Finding

Tests of reporting requirements revealed that the African American History Foundation failed to complete and submit the final expenditures report and final program report within 45 days of the close of the grant as required by the contract. Page 2 Section C.4 of the grant contract states, the recipient shall submit a final grant expenditures and program reports within 45 days of the end of the grant contract. The African American History Foundation did not submit the required reports within the required period.

Recommendation

The African American History Foundation should review the grant contract and ensure that all financial and programmatic reports required by the grantor are completed accurately and submitted within the required time.