

BILL PURCELL  
MAYOR



**METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY**

DEPARTMENT OF FINANCE  
**OFFICE OF FINANCIAL ACCOUNTABILITY**  
222 THIRD AVENUE NORTH, SUITE 650  
NASHVILLE, TENNESSEE 37201

December 1, 2006

Sharon Travis, Chairperson Board of Directors  
**Project for Neighborhood Aftercare**  
2807 Bransford Ave, Ste. C  
Nashville, TN 37204

Dear Sharon Travis:

Please find attached the Monitoring Report of the Project for Neighborhood Aftercare relating to the contract it has with the Metropolitan Government of Nashville and Davidson County for the fiscal year ending June 30, 2006.

The Office of Financial Accountability (OFA) is charged with the responsibility of monitoring grant funds from Metropolitan Nashville Government to any 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 concluded the review on October 23, 2006.

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*

Fred Adom  
Director

cc: Cameron Drake, Project for Neighborhood Aftercare  
David Manning, Director of Finance  
Talia Lomax-O'dneal, Deputy Director of Finance  
Kim McDoniel, Chief Accountant  
Don Dodson, Internal Audit  
Bill Walker, Office of Financial Accountability



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◆ Monitoring Report of ◆

# Project for Neighborhood Aftercare



Issued by



## Office of Financial Accountability

December 1, 2006

Fred Adom, CPA  
Director

Bill Walker, CPA  
Lead Auditor

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

Monitoring Report  
for the  
Project for Neighborhood Aftercare

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## OBJECTIVES, SCOPE AND METHODOLOGY

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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 Project for Neighborhood Aftercare for the year ended June 30, 2006. 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 Project for Neighborhood Aftercare. 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-1403 in the amount of \$569,000 to the Project for Neighborhood Aftercare for the fiscal year ending June 30, 2006. The Project for Neighborhood Aftercare was officially established in 1997. The primary purpose of the agency is to provide meaningful and enriching after school programs for Davidson County children. The services provided by the agency are done so free of charge. The programs are neighborhood based. The Project for Neighborhood Aftercare strives to create an environment that will allow each child to grow socially and academically, while fostering a sense of belonging and increased self-worth. The grant funds were used to support the agency's general operations at 11 different sites located throughout the Davidson County area.

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 Project for Neighborhood Aftercare and its compliance with the intended beneficiaries of the grant funds.
- Reviewed the financial stability of Project for Neighborhood Aftercare 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**

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The overall results of the monitoring review for the Project for Neighborhood Aftercare 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 Project for Neighborhood Aftercare possesses the necessary resources and expertise to administer the grants funds. The agency's fiscal staff has several years of grant accounting experience. The agency uses Peachtree accounting software to record financial transactions. The Executive Director oversees the financial operations of the agency. The OFA obtained and reviewed a copy of the agency's board minutes. The OFA noted that the Board of Directors met several times during the grant period and appeared to provide sufficient oversight to the agency.

### **2. Allowable and Eligible costs and services**

The contract between Metropolitan Nashville Government and the Project for Neighborhood Aftercare for the year ended June 30, 2006, required the agency to use the grant funds to support the general operations of the agency. The OFA obtained and reviewed a listing of all expenditures incurred by the agency during the grant term. From this listing, the OFA selected a sample of 20 items for testwork. Of the 20 items, the OFA noted that the agency maintained adequate supporting documentation for all 20 items and that the expenditures appeared to be reasonable and related to the objectives of the grant agreement. The OFA also selected a sample of payroll expenditures for testwork. The agency was able to provide supporting documentation for all payroll expenditures incurred from January 1, 2006 through the end of the contract in June 2006. The agency was unable to provide supporting documentation for payroll items incurred prior to January 1, 2006. According to agency staff, the Neighborhood for Project Aftercare moved to a new office building during the grant term. The staff state the documentation related to these payroll items were lost during the transition.

### **3. Program objectives being met**

The contract between Metropolitan Nashville Government and the Project for Neighborhood Aftercare for the year ended June 30, 2006 required the Project for Neighborhood Aftercare to use the grant funds to support the general operations of the agency. The primary purpose of the agency is to provide meaningful and enriching after school programs for Davidson County children. The agency's programs are neighborhood based and the services are provided free of charge.. The Project for Neighborhood Aftercare strives to create an environment that will allow each child to grow socially and academically, while fostering a sense of belonging and increased self-worth. Grant funds were to be used to support the general operations of the agency. Grant funds were used to support the programs general operation at 11 different sites located throughout the Davidson County area. The agency served over 1400 participants during the grant period. Based on interviews with the staff and the review of the agencies documentation, the Project for Neighborhood Aftercare appears to be in compliance and program objectives are 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 Project for Neighborhood Aftercare 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 Renewal House was in compliance with these requirements.

## **5. Reliability of internal controls**

Our review of the internal controls of the Project for Neighborhood Aftercare revealed that the agency appeared to be well managed and incorporate strong internal controls. Grant funds appear to be well managed and there appears to be adequate segregation of duties in the implementation of grant funds.

## **6. Civil rights requirements**

Our review did not reveal anything to indicate that the Project for Neighborhood Aftercare was not in compliance with civil rights requirements. The agency has not received any complaints regarding any form of discrimination and the agency has civil rights and ADA posting in public places. The Project for Neighborhood Aftercare maintains an employee handbook that addresses its civil rights policy as well.

## **FINDINGS AND RECOMMENDATIONS**

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### **1. The agency needs to improve documentation of expenditures.**

#### **Finding**

The OFA selected a sample of payroll expenditures for testwork. The agency was able to provide supporting documentation for all payroll expenditures incurred after January 1 2006. The agency was unable to provide supporting documentation for payroll items incurred prior to January 2006. According to agency staff, the Neighborhood for Project Aftercare moved to a new office building during the grant term. The documentation related to these payroll items were lost during the transition.

According to the grants manual for Non Profit Recipients of Grant Funds from the Metropolitan Government of Nashville and Davidson County Government, cost should meet the following criteria to be allowable:

- a. A reasonable use of funds
- b. A necessary use of funds
- c. For a reasonable amount
- d. For a clear purpose
- e. Consistent with the purpose of the Grantee's program
- f. Compliant with the terms and purpose of the Metro grant
- g. Authorized within the budget
- h. Properly approved
- i. Adequately documented

#### **Recommendation**

The OFA recommends that the Project for Neighborhood Aftercare diligently maintain adequate supporting documentation for all expenditures incurred.