

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY



January 24, 2011

Stephanie Valdez Streaty, Board Chair
Conexion Americas
800 18th Avenue South, Suite A
Nashville, TN 37203

Dear Ms. Streaty:

Please find attached the Monitoring Report of Conexion Americas 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 (OFA) is charged with the responsibility of monitoring grant funds, including Community Enhancement Funds (CEF), from Metropolitan Nashville Government to any nonprofit organization. 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 November 10, 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: Renato Soto, Executive Director
Richard M. Riebeling, Director of Finance
OFFICE OF FINANCIAL ACCOUNTABILITY

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** ◆

Conexion Americas



Conducted by



Office of Financial Accountability

January 24, 2011

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 Conexion Americas. 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 Metropolitan Government of Nashville and Davidson County (hereinafter referred to as “Metro”) or any of its component units. 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 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	Grantor	Amount	Contract Term	
L-2288	Community Enhancement Funds (CEF)	Metro Government	\$24,600	July 1, 2009	June 30, 2010

Agency Background

Conexion Americas (the “Agency”) was organized as a Tennessee not-for-profit corporation in 2002 to help Hispanic families realize their aspirations for social, economic and civic advancement by promoting their integration into the Middle Tennessee community. The agency provides comprehensive services to over 2,500 Latino families each year who are seeking to reach their own American Dream.

Conexion Americas also helps Middle Tennessee’s native born communities understand why Latino immigrants are coming here, the conditions they leave behind, the dreams and aspirations they bring, and the challenges they face in Middle Tennessee.

OBJECTIVES, SCOPE AND METHODOLOGY

The objectives of our review were:

- 1) To determine whether the agency has the resources and capacity to administer the grant funds.
- 2) To determine if costs and services 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 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-2288. 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
Agency in Compliance with Contract Requirements?		✓
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*. Based on our test work, costs and services during the period were allowable and eligible. 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.

3. Program and Performance Objectives

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

RESULTS OF REVIEW

- 325 Latino homeowners in need of mortgage assistance will be taught about foreclosure rescue scams and predatory lending practices so they may maintain their investment and stay in their homes.

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

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.

OFA 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 Findings #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 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.

RESULTS OF REVIEW

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

Conexion Americas reported the following outcomes in their final program report:

- 259 Latino adults successfully maintained homeownership in a challenging economic climate.
- 7 Davidson County houses purchased through our program went into foreclosure during this fiscal year.

Based on OFA staff testing, we concluded the 259 was short of the goal of 325 in the scope of the contract. Moreover, we were unable to verify that the 259 reported in the final report was met. Conexion Americas failed to maintain adequate supporting documentation to provide proof of meeting that goal.

Recommendation:

Information pertaining to program objectives in the Final Program Report should be based on actual results and supported by written documentation. In order to ensure their accuracy, management should review the achievement of those objectives before they are reported to Metro Office of Grants Coordination. Effort should be made to conform strictly to the terms of the contract.

2. Late Programmatic Reports

Tests of the reporting requirements revealed Conexion Americas 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 August 25, 2010. Per section D.9 Reporting requirements 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 contract period ended on June 30, 2010; therefore, the final program report was due no later than August 15, 2010.

FINDINGS AND RECOMMENDATIONS

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
P. O. Box 196300
Nashville, TN 37219-6300
ATTN: Director