

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY



January 19, 2011

Ms. Valeria Matlock, Board Chair
League for the Deaf & Hard of Hearing / EAR Foundation
415 4th Ave. South
Nashville, TN 37201

Dear Ms. Matlock:

Please find attached the Monitoring Report of League for the Deaf & Hard of Hearing/EAR Foundation 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 September 30, 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: Salley Hussey, 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** ◆

LEAGUE FOR THE DEAF & HARD OF HEARING / EAR FOUNDATION

Conducted by



Office of Financial Accountability

January 19, 2011

MONITORING REPORT

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INTRODUCTION

The Office of Financial Accountability (hereinafter referred to as “OFA”) has completed a monitoring review of League for the Deaf & Hard of Hearing / EAR Foundation. 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 League for the Deaf & Hard of Hearing / EAR Foundation 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-2285	Community Enhancement Funds	\$73,900	July 1, 2009	June 30, 2010

Agency Background

The mission of League for the Deaf & Hard of Hearing / EAR Foundation is to unite the Deaf, the Hard of Hearing and the Hearing communities through education, services and support to empower individuals to achieve their full potential.

League for the Deaf & Hard of Hearing / EAR Foundation is the oldest community-based agency in Tennessee providing a wide range of services for deaf, deaf-blind, and hard of hearing people. For over 15 years, League for the Deaf & Hard of Hearing / EAR Foundation has been providing afterschool tutoring, summer camp programs, and recreational events for deaf and hard of hearing youths in Metro Nashville. In collaboration with other area non-profit agencies and schools serving deaf and hard of hearing youth, Hearing Bridge’s Youth Program joins America's effort to ensure that no child is left behind.

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, 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-2285. 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
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 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.

Tests revealed the agency reported \$156.79 of sales taxes to Metropolitan Government of Nashville for reimbursement, which is unallowable for grantor guidelines. This is addressed further in Finding #1 below. Our review did not disclose any other instances of noncompliance as it relates to allowable and eligible costs.

RESULTS OF REVIEW

3. Program and Performance Objectives

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

- 25 students age 8-18 will be provided with structured afterschool services 3 days per week 3 hours each day;
- Camp Rise and Sign weekend camp in May;
- Youth Summer Sign Day Camp for 2 weeks in June;
- Participants will show increased academic performance as measured by grades and improved communication skills as demonstrated by students' positive and increased interaction with agency staff and Metro teachers.

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 #2 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. Based on our review, the agency complied with all financial reporting requirements; however, the agency was unable to support one reported programmatic objective in the final report. Please see Finding #2 for specific information regarding unmet program outcome.

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

RESULTS OF REVIEW

was performed solely as a basis for determining our test work and to assist us in making suggestions for improvement to management. We did not evaluate the operating effectiveness of internal controls over financial reporting.

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. Unallowable Costs

The League for the Deaf & Hard of Hearing/AR Foundation reported \$156.79 of sales tax for reimbursement from Metropolitan Government of Nashville. Sales tax is an unallowable and ineligible expense for reimbursement on Metro Grants per the grantor guidelines. Due to the immaterial amount of the sales tax claimed, OFA did not question those costs in this report.

Recommendation:

The League for the Deaf and Hard of Hearing/EAR Foundation should take advantage of its exemption status and avoid paying sales taxes. The agency should ensure that costs reported to Metro Government for reimbursement purposes under the CEF grant do not include sales taxes.

2. Program Performance Goals Not Met

The League for the Deaf & Hard of Hearing/EAR Foundation reported the following outcomes in their final program report:

1. The after school program averaged 25 students per week. These students received structured services 3 days per week 3 hours each day;
2. Camp Rise and Sign was held the weekend of May 7-9, 2010 at Camp Marymount. Thirty-four students attended this year's camp.
3. The Youth Summer Sign Day Camp (aka "Camp Sign Me Up") ran over the course of two weeks, beginning with "Deaf Youth Leadership" which ran the week of May 24, 2010. Fourteen deaf and hard of hearing youth learned how to mentor hearing students that would attend Camp Sign Me Up the following week. The week of May 31, 2010, 14 hearing children attended camp with emphasis on deaf culture, American Sign Language and social interaction.;
4. We sent questionnaires to teachers to measure student's performance in numerous categories from the previous semester. Educators' responses to our questionnaires indicated the following.
 - o In English, 5 students improved their skills during the semester, 7 students still need improvement, and 1 student made no improvement at all or remained the same.

FINDINGS AND RECOMMENDATIONS

- In Math, 8 students improved their skills during the semester, 4 students still need improvement, and 2 students made no improvement at all or remained the same.
- For behavior, 11 students improved during the semester, 2 students still need improvement, and 4 students exhibited behaviors that had no change.
- For social development and/or interaction skills, 11 students improved, 5 made no change.
- For sign language skills, 6 students improve, 3 remained the same, and 6 need improvement.

Based on our testing, we found two of the program performance objectives to be unmet (#1 & #4).

For goal #1, the League for the Deaf & Hard of Hearing / EAR Foundation was unable to provide after-school services to the students for 3 hours a day, 3 days a week. While the service is open and available between 3 PM and 6 PM three days a week, most of the students are not released from school until 3 PM or later and League for the Deaf & Hard of Hearing / EAR Foundation must transport the majority of the students to the service afterschool. Without the report cards, it is impossible for League for the Deaf & Hard of Hearing / EAR Foundation to provide proof of meeting this goal.

For goal #4, League for the Deaf & Hard of Hearing / EAR Foundation did not get permission to access the grades for the students from the school and/or parents. Without the report cards, League for the Deaf & Hard of Hearing / EAR Foundation was unable to support the reported outcome.

Recommendation:

Information pertaining to program objectives in the Final Program Report should be based on actual results and supported by written documentation. Management should review and ensure the adequacy and accuracy of documentation on file to support the attainment of the reported results prior to the reports being to the Metro Office of Grants Coordination.

FINDINGS AND RECOMMENDATIONS

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:

Ms. Brandie Haywood, Director
Division of Grants Coordination
700 2nd Avenue South, Suite 201
P. O. Box 196300
Nashville, TN 37210-6300
ATTN: Director