

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY



November 24, 2010

Deputy Chief Steve Anderson
Police Department
200 James Robertson Parkway
Nashville, TN 37201

Dear Chief Anderson:

Please find attached the Monitoring Report of the Police Department relating to the American Recovery and Reinvestment Act (ARRA) grant received for the fiscal year ending June 30, 2010. The Office of Financial Accountability (OFA) is charged with the responsibility of monitoring grant funds from Metropolitan Nashville Government to any nonprofit organization and federal and state grants to departments within the Metropolitan Nashville Government.

Detailed information, including recommendations, regarding any issues noted during our review is outlined in the "Issues and Recommendations" section of the attached report. Specific issues noted include:

- For the JAG Grant: 1) Violation of Metro Travel policy concerning the adherence to CONUS on Meals. 2) In the third quarter report, the "Purpose" field is incorrect. 3) The Department reported different expenditures on FederalReporting.gov and the FSR for the third quarters. 4) Appearance of a disconnect between the responsible MNP staff completing the reports.
- For the COPS Grant: On the second quarter report submitted to FederalReporting.gov, the Department reported \$18,856.00 in expenditures while the FSR for the same time period reflected \$395,519.00.

We will continue to monitor your agency's progress as ARRA projects are funded and completed. 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: Christine Ragan, Senior Accountable Official
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
Laura Cowan, Office of Financial Accountability
Essie Robertson, Office of Financial Accountability
Brad Thompson, Office of Financial Accountability



◆ **Monitoring Report of** ◆

**Metro Nashville Police
Department (MNPD)**



Conducted by



Office of Financial Accountability

November 24, 2010

MONITORING REPORT

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INTRODUCTION

The Office of Financial Accountability (hereinafter referred to as “OFA”) has completed an American Recovery and Reinvestment Act (ARRA) compliance review of MNP. A compliance 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 scope of our review included audit testing of ARRA funding received during the first three quarters of FY 2010. Grants reviewed for your department are shown in the following table:

ARRA Grant	Grantor	Award Amount
ARRA State JAG for Victim Services	US Dept of Justice	\$56,000.00
ARRA STOP Violence Against Women	US Dept of Justice	\$45,402.00
ARRA Justice Assistance Grant 09-13	US Dept of Justice	\$3,831,717.00
ARRA MNP Precinct Staffing (COPS)	US Dept of Justice	\$8,670,100.00

**A portion of the ARRA Justice Assistance Grant listed here are administered by other departments.*

Background

The Recovery Act is an economic stimulus package enacted by Congress and signed into law in February 2009. It was intended to provide a stimulus to the U.S. economy in the wake of the economic downturn. ARRA funds awarded help support various projects throughout Metro Nashville. The Recovery Act states that all federal funding should be expended or obligated by September 30, 2010.

The ARRA grant process begins with agencies identifying funding needs and sources. For federal grant awards, Metro agencies can be a prime or sub-recipient. When an agency obtains grant funds directly from a federal agency, the agency is considered a prime recipient. When funds are granted to an agency through a non-federal entity, the agency is considered a sub-recipient. Prime recipients of federal funds have more responsibilities for grant administration, monitoring and reporting than sub-recipients. Metro Nashville has received grants as both a prime and a sub-recipient.

ARRA recipients are required to register at www.federalreporting.gov to meet the requirements of the Recovery Act. This website is the only central government-wide data system intended for collecting ARRA spending information directly from recipients. The data submitted each quarter

is used to populate www.Recovery.gov, which is the website the public can access in order to give taxpayers information on the manner and purpose in which funds were expended.

METHODOLOGY

As Metro agencies were approved for ARRA grant funding, the OFA conducted an initial ARRA Readiness Assessment. At that time, any potential concerns related to internal controls over ARRA funding or reporting requirements were communicated at the department.

For the first three quarters of FY 2010, we conducted a compliance review for those Metro agencies receiving ARRA funding. Substantially all (100%) of each department's ARRA grant funding was subject to compliance testing by the OFA.

Our process included a review of expenditure reports submitted to the grantor and/or to Recovery.gov, the Federal government's ARRA reporting website. Sampled expenditures reported under the grant were reconciled to financial data shown in EBS for that particular business unit. Sampled expenditures were also reconciled to relevant supporting documentation, where applicable. In order to ensure compliance with detailed state and federal reporting requirements, we also assessed the timeliness of ARRA reporting for each department.

It is important to note that, at the time of our review, some Metro departments had already undergone an independent audit of its ARRA grants. To avoid unnecessary duplication of efforts, we performed minimal audit procedures for those agencies previously audited by an independent governmental entity. In such instances, procedures included a review of the conclusions reached by the independent agency and/or the published audit report on the Metro department's ARRA compliance. In those cases, no further review and assessment was necessary on our part. Independent agencies performing such audits include state and federal governmental entities and Metro Internal Audit.

ISSUES AND RECOMMENDATIONS

In reviewing your grants, the General Ledger and relevant reports, we noted the following issues:

Issue 1: JAG Grant

- 1) We noted a violation of Metro Travel policy concerning the adherence to CONUS on Meals. Specifically, the amount allowable for breakfast and lunch was incorrect.
- 2) In the third quarter report, the “Purpose” field is incorrect and actually lists the purpose for the COPS grant.
- 3) The Department reported different expenditures on the Federal Reporting and the FSR for the third quarters. The difference in amount is significant.
- 4) Appearance of a disconnect between the responsible MNP staff completing the reports. The Police Fiscal Division submits FSR and the Police SDD Division completes Federal Reporting Reports.

Recommendation

Department management should instruct all staff and supervisors to adhere to Metro Travel policies, including CONUS. Supervisors should not approve an amount in excess of the established allowable amount for meals.

The Police Department should ensure that both divisions submitting mandatory ARRA Reports are aware of their functions and role in administering these grants. The divisions should work with one another to formulate an effective process to account for the ARRA grant funds. Doing so will ensure that expenditures reported on both the FSR and on Federal Reporting are consistent.

Issue 2: COPS Grant

On the second quarter report submitted to FederalReporting.gov, the Department reported \$18,856 in expenditures; however, expenditures in the FSR for the same time period were significantly higher at \$395,519. While differences are understandable due to report deadlines, there should not be that much of a difference between amounts.

Recommendation

The Department should ensure that amounts reported properly reflect actual ARRA grant expenditures for the period. Significant difference should be investigated to ensure accuracy.