

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY



June 29, 2012

Kent Oliver, Director
Nashville Public Library
615 Church St.
Nashville, Tennessee 37219

Dear Mr. Oliver:

Please find attached the final monitoring report on a select federal and state grants and other financial assistance administered by the Nashville Public Library during the year ended June 30, 2011. You previously reviewed and responded to findings in the preliminary report dated June 15, 2012. Your responses have been incorporated into this final report.

We appreciate the assistance provided by your department during the course of the review. If you have any questions, please call me at 615-880-1035.

Sincerely,

Fred Adom, CPA
Director

cc: Chase Adams, Nashville Public Library
Susan Drye, Nashville Public Library
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

NASHVILLE PUBLIC LIBRARY

◆ Monitoring Report ◆

Conducted by



Office of Financial Accountability

June 29, 2012

MONITORING REPORT

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INTRODUCTION

The Office of Financial Accountability (hereinafter referred to as “OFA”) has completed a monitoring review of the federal and state grant and contract administered by the Nashville Public Library. The monitoring process included a review of the contract in effect during the fiscal year ending June 30, 2011. The contract reviewed is listed in Appendix A. The OFA conducted the monitoring review along the major compliance areas identified in the Office of Management and Budget (OMB) Circular A-133, “Audits of States, Local Governments, and Non-Profit Organizations.” and in compliance with the OMB Circular A-87, “Cost Principles for State, Local and Indian Tribal Governments.”

About the Library

The Nashville Public Library was established in 1898. The library provides a wide variety of services, programs, and materials to enhance knowledge and quality of life through 20 library branches, the Main Library and the Achieves. In FY11, over 4.2 million library materials were checked out.

The Nashville Public Library is committed to extending the benefits and joys of reading, lifelong learning, and discovery to all people through collections and services.

Grant Reviewed

The Nashville Public Library was awarded a grant from the State of Tennessee, Department of State, Tennessee State Library and Archives in the amount of \$275,822 to target library materials to persons having difficulty using a library and to the underserved in the Nashville and Davidson County. The funds were allocated as follow:

- General Library Services (\$91,000) - The Grantee agrees to provide access to and circulation of library materials in a variety of formats, to provide special services to children and young people, and to promote general educational support services in Nashville and Davidson County.
- Library Services for the Disadvantage (\$5,000) - The Grantee agrees to target library materials to person having difficulty using a library and to the underserved in Nashville and Davidson County.
- Library Services for Deaf and Hard of Hearing (\$176,000) - The Grantee agrees to provide access to and circulation of special materials formatted for individuals who are hearing impaired and to promote general support of library patrons who are aurally challenged.
- Inter Library Loan Services (\$3,822) - The Grantee agrees to purchase library materials and/or supplies to be used in the interlibrary loan process.

OBJECTIVES, SCOPE AND METHODOLOGY

A monitoring review is substantially less in scope than an audit. The OFA did not audit the financial statements for the Nashville Public Library and, accordingly, does not express an opinion or any assurances regarding the financial statements of the Nashville Public Library or the Metropolitan Government of Nashville and Davidson County (hereinafter referred to as “Metro”). 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 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 overall monitoring objective was to determine the department’s compliance with grantor and Metro guidelines, policies, rules, and regulations. Specifically, we reviewed for the following objectives:

- To determine whether activities and costs of the program were made in accordance with OMB Circular A-87; the minimum federal, state and local requirements; and grantor guidelines.
- To determine whether the minimum requirements for local matching contributions and/or adequate level of expenditures by other sources of funds are met.
- To determine whether grant funds were used exclusively during the period in which the funds were authorized.
- To determine the reliability and timeliness of the financial and programmatic reporting.
- To determine whether federal compliance requirements regarding sub-recipient oversight were met and whether the sub-recipient performed in accordance with the contract terms.
- To determine whether civil rights requirements are met.
- To determine whether program objectives were met.
- To determine whether the various Metro regulations were followed.

The scope of the work included the grant listed in Appendix A. The grant period was September 1, 2010 through June 30, 2011. Although the review focused on this specific time period, certain analyses required the consideration of financial transactions outside of this time period.

The methodology adopted by the OFA encompassed various interviews and an objective review of fiscal and programmatic files, including:

- Financial transactions and supporting documentation
- Contract agreements and related amendments
- Federal and/or state financial reports
- Program reports and supporting documentation
- Correspondence between related parties.

FINDINGS, RECOMMENDATIONS & MANAGEMENT'S RESPONSE

Finding

I. Some Expenditures Reported to Grantor were Beyond the Period of Availability

Tests revealed a \$41,500 payment from the Library to Aimedia, on the fiscal year ending June 30, 2011 grant period included \$8,200 expenses for future services that were beyond the grant availability period. Those expenses were \$6200 for Web Hosting and Management and \$2,000 for Site updates and maintenance for period covering July 1, 2011 through June 30, 2012. These expenses were reported to the grantor on FY 2011 grant.

Per Section B.1. of contract, "This Grant shall be effective for the period commencing on September 1, 2010 and ending on June 30, 2011. The State shall have no obligation for services rendered by the Grantee which are not performed within the specified period."

Vendor	Invoice	Date	Amount
Aimedia	19876	6/30/2011	\$41,500

Our inquiries revealed the Nashville Public Library did not seek nor receive a specific written waiver to charge those expenses to the grantor. It also failed to adjust the costs of those items from its expenditure report to the grantor.

Recommendation

The Nashville Public Library should take the necessary steps to ensure that all expenses reported to the grantor are within the period of availability and are eligible and allowable. It should take the necessary immediate action to resolve the potential \$8,200 questioned costs with the grantor.

Management's Response

We concur. Neither the Grant Program Manager nor the Finance/HR Manager who is in charge of financial grant reporting requested a waiver for these specific grant expenditures which consisted of Web Hosting, Website updates and Maintenance for the period of July 1, 2011 – June 30, 2012. NPL is in the process of contacting the grantor and requesting permission to have spent the grant funds on these two specific grant expenditures. In the future, NPL will make sure grant expenditures are only for the stated grant period.

APPENDIX A

2. The Library failed to meet grantor reporting deadline

The Nashville Public Library failed to comply with the grantor deadline for submission of expenditure reports. According to grantor requirements the Library was required to submit the final disbursement report on or before August 29, 2011. Based on OFA review of the final report, it was determined that the final report was submitted on September 19, 2011.

Per Section, C.6. of the contract, “The Grantee shall submit a grant disbursement reconciliation report within sixty (60) days of the Grant Contract end date and in form and substance acceptable to the State. Failure to comply with grantor requirements could negatively impact future grant eligibility.

Recommendation

The Nashville Public Library should take the necessary steps to ensure that all grant reporting requirements are met.

Management’s Response

We concur. The Finance/HR Manager who is in charge of financial grant reporting was out for extended leave from May 2011 until the first of September 2011. Upon returning at the beginning of September from extended leave, the Finance/HR Manager completed the grant reports and sent them late to the proper grant authorities. Due to the fact only one person in the library is responsible for financial grant reporting, the Finance/HR Manager will put a note in her calendar to ensure proper grant reporting periods are met going forward.

APPENDIX A

Grant	Contract #	Grant Period		Award Amount	Findings
General Library Services; Deaf & Hard of Hearing Services	GG1133776	9/1/2010	6/30/2011	\$275,822	Yes