

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY



May 21, 2012

Thomas M. Lynch, Director
Metro Parks and Recreation
Centennial Park Office
511 Oman Street
Nashville, TN 37203

Dear Mr. Lynch:

Please find attached the final report of the monitoring review of a select number of grants and other financial assistance administered by the Metropolitan Parks and Recreation for the fiscal year ending June 30, 2011. Staff from the Office of Financial Accountability began conducting the fieldwork for this review on May 3, 2012.

You previously reviewed and responded to findings in the preliminary report issued on May 16, 2012. Your responses have been incorporated into this final report in the section entitled "Management's Comments."

We appreciate the cooperation and assistance provided us during the course of the review. If you have any questions, please call me at (615) 880-1035.

Sincerely,

Fred Adom, CPA
Director

cc: Richard M. Riebeling, Director of Finance
Talia Lomax-O'dneal, Deputy Director of Finance
Kim McDoniel, Assistant to the Director of Finance
Mark Swann, Internal Audit
Monique Odom, Metropolitan Parks and Recreation

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Metropolitan Government of Nashville and Davidson County

◆ **Grants Monitoring Report of** ◆

Metropolitan Parks and Recreation



Conducted by



Office of Financial Accountability

May 16, 2012

FINANCIAL ACCOUNTABILITY

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MONITORING REPORT
FOR THE
METROPOLITAN PARKS AND RECREATION

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OBJECTIVES, SCOPE AND METHODOLOGY

The Office of Financial Accountability (hereinafter referred to as “OFA”) has completed a monitoring review of the Federal and State grants and contracts administered by the Metropolitan Parks and Recreations (hereinafter referred to as “Parks” or “department”). The monitoring process included a review of those contracts in effect during the fiscal year ending June 30, 2011. The contracts reviewed are 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.”

Overview of the Department

Metro Parks strives to provide diversified recreational facilities and programs across Davidson County. Metro Parks offers everything from art classes and galleries, to sports leagues, golf courses, and special population programs.

It is the purpose of the Metropolitan Board of Parks and Recreation to provide and maintain sufficient acreage and facilities to effectively offer the most diversified recreational services possible. In doing so we are to insure that all citizens, regardless of income level, have equal opportunity and choice of participation.

We selected and reviewed 2 grants with total financial awards of approximately \$120,912.00. The grants reviewed included the following:

Friends of Warner Park

The Metropolitan Parks and Recreation was awarded the Friends of Warner Parks grant in the amount of \$110,912.00 from the Friends of Warner Park. The objectives of the FOWP grant was to provide staffing for the Warner Parks Center and Nature Center support, the Waterer Program, and the SWEAT Program for additional labor for summer maintenance.

Flood Bellevue Community Center 10-11

The Metropolitan Parks and Recreation was awarded \$10,000.00 from the Community Foundation of Middle TN whereas the Parks could utilize the funding to help replace supplies and equipment depleted during the response efforts of the Bellevue Community Center related to the May 2010 flood.

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 Metropolitan Parks and Recreation and, accordingly, does not express an opinion or any assurances regarding the financial statements of the Parks 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 guidelines, rules, and regulations. Specifically, we reviewed for the following objectives:

- To determine whether the activities and costs of the programs are allowable under the program regulations and provisions of the grant agreement
- To determine whether costs reported under the grant program are consistent with provisions of grantor guidelines and OMB Circular A-87
- To determine whether civil rights requirements are met
- 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 the department adheres to grantor guidelines for equipment purchases
- To determine whether grant funds were used exclusively during the period in which the funds were authorized
- To determine whether purchases were made in accordance with OMB Circular A-87, the minimum federal, state and local requirements, and grantor guidelines
- To determine whether grant financial reports are reliable and timely
- To determine whether Federal compliance requirements regarding subrecipient oversight were met and whether the subrecipient performed in accordance with the contract terms.

The scope of the work included the grants listed in Appendix A. The grant period was July 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.

OBJECTIVES, SCOPE AND METHODOLOGY

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

- Financial transactions and supporting documentation,
- Contract agreements and related amendments,
- Federal and/or State financial reports, and
- Internal and external correspondence.

RESULTS OF MONITORING REVIEW

Overall Findings and Major Review Highlights

Our review revealed three discrepancies with policies and grant requirement guidelines.

1. The Metropolitan Parks and Recreation failed to accurately report and seek reimbursement for salaries paid.
2. The Metropolitan Parks and Recreation failed to compensate two employees for work completed at their correct and established hourly compensation rate on two occasions.

The section that follows provides more detailed information for each of the above findings. Management is given an opportunity to respond to each finding.

1. The Metropolitan Parks and Recreation failed to accurately report and seek reimbursement for salaries paid.

FINDING

The Metropolitan Parks and Recreation failed to accurately report its salary expenditures for the SWEAT Program. Per the department's general ledger, the Parks expended \$22,383.96 for salaries under the SWEAT program covered by the Friends of Warner Park grant. Test revealed that the Parks only reported and sought reimbursement for \$20,298.30; therefore, the Parks under reported expenses by \$2,085.66.

RECOMMENDATION

The Metropolitan Parks and Recreation should take the necessary steps to ensure that financial reports and reimbursement requests are completed accurately. The Parks should seek reimbursement from the grantor for the additional allowable salary expense under the SWEAT program.

MANAGEMENT'S COMMENTS

We concur. Payroll reports are used to verify salary expenses for billing because the Friends of Warner Parks grants only fund salaries. However, because a Metro Schools (MNPS) employee also filled a seasonal S.W.E.A.T. grant position through the Multiple Job Request program, the employee/expenses did not appear on the payroll report and was therefore excluded from billing. In the future we will verify expenses to be reimbursed using the Detailed Monthly Expense Report (ledger), as well as the payroll report. We will request reimbursement from the Friends of Warner Parks for the outstanding \$2,085.66 that was not billed for the MNPS employee on the S.W.E.A.T. grant in 2011.

2. The Metropolitan Parks and Recreation failed to accurately compensate two employees for work completed on the Waterer and SWEAT programs.

FINDING

The Parks compensated two part time employees under the Waterer and SWEAT Programs covered by the Friends of Warner Park grant using an incorrect hourly rate. Per Parks staff, employees working for the Waterer and SWEAT program were to be compensated at an hourly rate of \$10.93. Test of a payroll cycle for the Waterer program revealed that one employee was compensated for 16.5 hours worked at \$11.70 per hour instead of \$10.93 resulting in overpayment of \$12.71. Test also revealed under the SWEAT Program, that an employee was compensated for 35 hours at \$8.70 per hour instead of \$10.93 resulting in an under payment of \$99.05.

RECOMMENDATION

The Metropolitan Parks and Recreation should take the necessary steps to ensure that employees are compensated at the correct hourly rate. The Parks should compensate the employee under the SWEAT program the \$99.05 that is due the employee.

MANAGEMENT'S COMMENTS

We concur. The reduction in pay rate was a keying error. We will more closely review pay records to be sure employees are paid at the correct hourly rate. We will compensate the underpaid employee under the S.W.E.A.T. grant the \$99.05 that is due him for 2011.

OBSERVATION

The Friends of Warner Park provided a grant to the Parks Department which covered mostly salaries of select staff members, with the understanding that the Parks and Recreation Department would cover the related benefit costs. In the process of drafting the resolution for Metro Council approval, the resolution was worded to state “that the Friends of Warner Parks have awarded a package of grants in an amount not to exceed \$110,912.00 with a required cash match of \$27,988.92”. Thus as a result, the Parks was required provide a cash match of approximately 20% to fully earn the grant funds received from the grantor rather than just incurring sufficient costs to cover the related fringe benefits of the employees in the program.

Since Parks received \$94,313.11, in order to fully earn the grant funds, Parks would have been required to provide a cash match of \$23,578.28. Based upon review of the documentation of grant expenditures and quarterly reimbursement requests, the Parks department only provided a cash match of \$18,733.56; that is \$4,844.72 less than the required match. The OFA noted that the Parks was in compliance with the stipulation of the grantor award letter but out of compliance with the wording of the Metro Resolution No. RS2011-1638.

The OFA recommends that Parks take the necessary measures to ensure that the dictates of the resolution are consistent with the with grantor requirements.

MANAGEMENT’S COMMENTS

The grantor specifically stipulates in the award letter that Parks and Recreation cover the fringe benefits associated with the funded positions. The grantor does not stipulate a required cash match. As a condition of the award, Parks and Recreation does pay fringe benefits for the grant funded positions.

Per guidance from the Division of Grant Coordination (DGC) the value of the fringe benefits is regarded as a “cash match”. Based on the Observation portion of this report we will work with DGC and/or the Legal Department to ensure that future legislation reflects the grantor’s requirements.

Appendix A

FEDERAL & STATE GRANTS AND FINANCIAL ASSISTANCE						
Grantor	Grant	Contract Number	Grant Period		Grant Award	Findings
Friends of Warner Park	FOWP	NA	01/01/2011	12/31/2011	\$110,912.00	YES
Community Foundation of Middle TN	Flood Bellevue Center 10-11	NA	06/04/2010	06/03/2011	\$10,000.00	NO