

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY



February 10, 2015

Debby Koch - Regent
Andrew Jackson Foundation
4580 Rachel's Lane
Nashville, TN 37076

Dear Ms. Koch:

Please find attached the Monitoring Report of the Andrew Jackson Foundation, formerly The Ladies' Hermitage Association, relating to the contract it had with the Metropolitan Government of Nashville and Davidson County for the fiscal year ending June 30, 2014.

The Office of Financial Accountability is charged with the responsibility of monitoring grant funds, including Direct Appropriations, from Metropolitan Nashville Government to any nonprofit organization. Staff from the Office of Financial Accountability conducted the review on December 11, 2014.

We appreciate the assistance provided by your agency during the course of the review. If you have any questions, please call me at 615-862-6712.

Sincerely,

Kevin Brown

Kevin Brown
Finance Administrator

cc: Howard Kittell, President and CEO
Richard M. Riebeling, Director of Finance
Talía Lomax-O'dneal, Deputy Director of Finance

Gene Nolan, Deputy Director of Finance
Kim McDoniel, Chief of Accounts
Mark Swann, Internal Audit
Fred Adom, CPA, Director, Office of Financial Accountability
Essie Robertson, CPA, Office of Financial Accountability



Metropolitan Government of Nashville and Davidson County

ANDREW JACKSON FOUNDATION FORMERLY THE LADIES' HERMITAGE ASSOCIATION

◆ **Monitoring Report** ◆

Conducted by



Office of Financial Accountability

February 10, 2015

MONITORING REPORT

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INTRODUCTION

The Office of Financial Accountability (hereinafter referred to as “OFA”) has completed a monitoring review of Andrew Jackson 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 Andrew Jackson 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-3002	Direct Appropriations	\$100,000	July 1, 2013	June 30, 2014

Agency Background

The Andrew Jackson Foundation, formerly The Ladies’ Hermitage Association, is a nonprofit corporation organized to preserve the home of Andrew Jackson, create educational opportunities and inspire citizenship through learning about his life and unique impact on American history. The Andrew Jackson Foundation tries to accomplish this through preservation, interpretation, exhibition, education, research and publication. The Hermitage opened to the public in 1889. Occupying 1,120 acres, it is one of the oldest and largest historic site museums in the United States.

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, 2013 through June 30, 2014.

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-3002. 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 Allowable and Eligible?	✓	
Program Objectives 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.

Based on our test work, costs and services during the period were allowable and eligible.

3. Program and Performance Objectives

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

RESULTS OF REVIEW

- Produce a major, new, bold and colorful exhibit titled “20 Minutes that Changed the World”. It will be interactive and allow visitors to experience historic content using a variety of senses and being drawn and reflect in new ways.
- Attract and engage at least 170,000 visitors and 30,000 school children to its new facility, with expanded exhibit space.

Based on our review of program documentation and discussions with staff, program performance objectives were met and the agency is in compliance with contractual program objectives.

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 did not comply with all financial and programmatic reporting requirements. See Finding #1 for more details.

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. 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.

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. Reporting Requirements Not Met

Finding

The Andrew Jackson Foundation failed to submit their final reports within 45 days of the end of the grant contract, August 15, 2014, as required. Per section C.4 Reporting requirement under the Standard Terms and Conditions of the grant contract, the recipient “shall submit a final expenditure report within 45 (forty-five) days of the end of the Grant Contract.” Per section D.9 Final Program Report, the recipient “must submit a final program report within 45 (forty-five) days of the end of the Grant Contract.” The Division of Grants Coordination received the reports from the Andrew Jackson Foundation on September 5, 2014.

Recommendation:

The agency should ensure that the required reports are submitted to the Division of Grants Coordination no later than 45 days of the end of the grant contract.

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
PO Box 196300
Nashville, TN 37219
ATTN: Vaughn Wilson