

**METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY**



March 24, 2015

Marlah Green – Board Chair  
Jefferson Street United Merchants Partnership  
1215 9th Avenue North, STE 201  
Nashville, TN 37208

Dear Ms. Green:

Please find attached the Monitoring Report of the Jefferson Street United Merchants Partnership 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 February 5, 2015.

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: Sharon Hurt, President/CEO  
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  
Fred Adom, CPA, Director, Office of Financial Accountability  
Essie Robertson, CPA, Office of Financial Accountability



Metropolitan Government of Nashville and Davidson County

# **JEFFERSON STREET UNITED MERCHANTS PARTNERSHIP**

◆ **Monitoring Report** ◆

Conducted by



**Office of Financial Accountability**

March 24, 2015

# MONITORING REPORT

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## INTRODUCTION

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The Office of Financial Accountability (hereinafter referred to as “OFA”) has completed a monitoring review of Jefferson Street United Merchants Partnership. 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 Jefferson Street United Merchants Partnership 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-3050	Direct Appropriations	\$150,000	July 1, 2013	June 30, 2014

### Agency Background

J.U.M.P. is a non-profit organization in existence since 1994 whose purpose is to create a framework for advancing Jefferson Street. The agency seeks to develop and foster cooperative economic development through revitalization, acquisition, education and public safety programs in North Nashville. Currently, they have over 111 individuals and organizations that participate in active membership, all focused on keeping Jefferson Street alive and thriving.

Additionally the Agency has been designated as a Community Development Corporations (CDC) and is a Certified Housing Development Organization (CHDO).

## OBJECTIVES, SCOPE AND METHODOLOGY

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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-3050. 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

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### 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

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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, the Jefferson Street United Merchants Partnership did not incur enough allowable and eligible expenses to fully earn the grant funds. See Finding #1 in the Finding and Recommendation section.

### **3. Program and Performance Objectives**

The contract stipulates that the agency shall use the funds to assist and connect individuals who have construction related job skills to job opportunities and

## **RESULTS OF REVIEW**

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promote professional development, job training to those individuals and give direct access to contractors with the following outcomes:

- Serve as a clearinghouse of applications for construction and hospitality jobs for at least 2,000 individuals in pockets of poverty in Nashville.

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 was in compliance with all financial and programmatic reporting requirements.

### **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

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### **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

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### 1. Failed to Fully Earn the Grant Funds

#### Finding

The Jefferson Street United Merchants Partnership did not incur enough allowable and eligible expenses to fully earn the grant funds associated with grant L-3050. The agency received a lump sum payment for the entire grant award upon the completion of the executed grant contract. Per C.2 of the grant contract, “the recipient will only be compensated for actual costs based upon the Grant Spending Plan, not to exceed the maximum liability established in Section C.1. Payment to the recipient shall be a lump sum made upon the approval of this Grant Contract and upon submission of an approved invoice and any supporting documentation as requested by Metro to demonstrate that the funds are used as required by this Grant.” Based upon review of the agency’s financial statements and supporting documentation for grant expenditures, the OFA concludes that the agency still has \$18,876.05 in grant revenue for which they had not earned as of June 30, 2014. The following table details the unearned revenue:

Description	Amount
Grant Funds Received	\$150,000.00
Allowable and Eligible Grant Expenditures	\$131,123.95
Unearned Grant Funds	\$18,876.05

#### **Recommendation:**

The Jefferson Street United Merchants Partnership should take the necessary steps to resolve the outstanding unearned grant balance of \$18,876.05 as of June 30, 2014. Those funds will be due to Metropolitan Government of Nashville and Davidson County immediately, if unresolved. The agency should also implement a procedure of reconciling its grant revenues and grant expenses at the end of the year.

## FINDINGS AND RECOMMENDATIONS

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### **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