

**METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY**



January 11, 2016

Rob Waggener, Board Chair  
The Next Door  
402 22<sup>nd</sup> Avenue N  
Nashville, TN 37202

Dear Mr. Waggener:

Please find attached the monitoring report of The Next Door relating to the contract with the Metropolitan Government of Nashville and Davidson County for the fiscal year ending June 30, 2015.

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 1, 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, CMFO, CICA  
Finance Administrator

cc: Linda Leathers, Executive Director  
Talia Lomax-O'dneal, Director of Finance  
Gene Nolan, Deputy Director of Finance  
Kim McDoniel, Chief of Accounts  
Mark Swann, Internal Audit

Fred Adom, CPA, CGMA, CICA, Director, Office of Financial Accountability  
Essie Robertson, CPA, CMFO, CICA, Office of Financial Accountability  
Aaron Davis, CICA, Office of Financial Accountability



Metropolitan Government of Nashville and Davidson County

# THE NEXT DOOR

◆ Monitoring Report ◆

Conducted by



**Office of Financial Accountability**

January 11, 2016

# 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 The Next Door. 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 Next Door 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:

<b>Contract</b>	<b>Type</b>	<b>Amount</b>	<b>Contact Term</b>	
L-3260	Direct Appropriations	\$100,000	July 1, 2014	June 30, 2015

### **Agency Background**

The Next Door, Inc. is a not-for-profit organization incorporated in 2003 to provide physical, emotional, and spiritual support to women at their point of need. The Next Door’s mission is “to provide a range of proven treatment services and their families impacted by drug addiction, alcohol addiction, mental illness, trauma and/or incarceration, with Christ-centered compassionate care.” The Organization provides these women with transitional living and supportive services such as skills training and counseling services.

## 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, 2014 through June 30, 2015.

The monitoring review procedures included meeting with agency management and staff, 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-3260. 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?	✓	
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 2 CFR Part 200: *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

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

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- The program will provide service to at least 1000 women with substance addiction, co-occurring mental illness and/or a history of incarceration and their families.

Based on our review of program documentation and discussions with staff, program performance objective was not met and the agency is not in compliance with contractual program objectives. See Finding #1 for more details.

### **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 complied with all financial and programmatic reporting requirements.

### **5. 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. Program Performance Goal Not Met**

The Next Door, Inc. failed to meet the program objective as stated in the contract. Per the grant contract, The Next Door, Inc. was required to provide services to at least 1,000 women with substance addiction, co-occurring mental illness and/or a history of incarceration and their families. Based upon documentation provided, the OFA determined that the agency provided direct services to 682 women with substance addiction and/or co-occurring mental illness.

#### **Recommendation:**

Management should take all necessary measures to attain the goals stated in the grant contract. Management should review the achievements of those goals in order to make sure the objectives are reasonable and obtainable.

#### **Corrective Action Plan Required**

Please submit a corrective action plan indicating the actions the agency intends to take to correct the finding identified in this report. The corrective action plan should be submitted within 14 days from the report date to the address below:

Division of Grants Coordination  
PO Box 196300  
Nashville, TN 37219  
ATTN: Vaughn Wilson