

**METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY**



February 22, 2017

Ward Wilson, Board Chair  
Boys & Girls Clubs of Middle Tennessee  
1704 Charlotte Avenue  
Nashville, TN 37203

Dear Mr. Wilson:

Please find attached the Monitoring Report of the Boys & Girls Clubs of Middle Tennessee relating to the contract with the Metropolitan Government of Nashville and Davidson County for the fiscal year ending June 30, 2016.

The Office of Financial Accountability is charged with the responsibility of monitoring grant funds, including Community Enhancement Funds, from Metropolitan Nashville Government to any nonprofit organization. Staff from the Office of Financial Accountability conducted the review on February 1, 2017.

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, CFE  
Finance Administrator

cc: Dan Jernigan, Executive Director  
Talia Lomax-O'dneal, Director of Finance  
Kim McDoniel, Deputy Director of Finance

Gene Nolan, Deputy Director of Finance  
Phil Carr, 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  
Matthew Fouad, Office of Financial Accountability



**Metropolitan Government of Nashville and Davidson County**

# **Boys and Girls Clubs of Middle Tennessee**

**◆ Monitoring Report ◆**

Conducted by



**Office of Financial Accountability**

February 22, 2017

# MONITORING REPORT

---

## TABLE OF CONTENTS

|   |    |
|---|----|
| INTRODUCTION .....                      | 5  |
| OBJECTIVES, SCOPE AND METHODOLOGY ..... | 6  |
| RESULTS OF REVIEW .....                 | 7  |
| FINDINGS AND RECOMMENDATIONS.....       | 10 |

## INTRODUCTION

---

The Office of Financial Accountability (hereinafter referred to as “OFA”) has completed a monitoring review of the Boys and Girls Clubs of Middle Tennessee. 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 Boys and Girls Clubs of Middle Tennessee 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-3409          | Community Enhancement Funds | \$78,500      | July 1, 2015        | June 30, 2016 |

### **Agency Background**

The Boys and Girls Clubs of Middle Tennessee, Inc. is a Boys & Girls Clubs of America affiliated organization that provides services to at-risk children in the Middle Tennessee area. The agency’s mission is “to enable all young people, especially those who need us most, to reach their full potential as productive, caring, responsible citizens”. Founded in 1917, the Agency strives to improve each child’s life by instilling in them a sense of competence, usefulness, belonging, and power/influence while focusing on three priority outcomes: academic success, healthy lifestyle, and good character and citizenship.

## 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, 2015 through June 30, 2016.

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-3409. 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?                            |     | ✓  |
| 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 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 was 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 grant.

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 serve a minimum of 200 youth, ages 5-18, who are economically, socially, environmentally, and educationally disadvantaged, in the afterschool and summer enrichment programs with the following outcomes:

## **RESULTS OF REVIEW**

---

- 95% of members who attend the club 3 days per week will be promoted to the next grade level as verified by end of the year progress reports.
- An average of 110 members per day will participate in homework assistance Monday through Thursday during the school year.
- 100% of participating Club members who are high school seniors will graduate.

Based on our review of program documentation and discussions with staff, program performance objectives were met and the agency was 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 in the Finding and Recommendation Sections for more details.

### **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**

---

### **1. Failed to Adhere to Reporting Requirements**

#### **FINDING**

The Boys and Girls Club of Middle TN failed to adhere to the reporting requirements as stated in the grant contract. Section C.4 of the grant contract states, “The recipient must submit a final grant annual expenditure report, to be received by Metro’s Division of Grants Coordination (DGC), within 45 days of the end of the grant contract.” The grant contract further states under section D.9, “A final program report, to be received by Metro’s Division of Grants Coordination (DGC) within 45 days of the end of the contract.” The Boys and Girls Club of Middle TN submitted both the programmatic and final expenditure reports to the Division of Grants Coordination on October 14, 2016, which was two months after the required deadline.

#### **RECOMMENDATION**

The Boys and Girls Club of Middle TN should take the necessary steps to ensure that the required final programmatic and annual expenditure reports are submitted to the Division of Grants Coordination within the required time frame.

#### **CORRECTIVE ACTION**

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 14 days from the report date to the address below:

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