

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY



May 30, 2017
Will Morrow, Board President
St. Luke's Community House
5601 New York Avenue
Nashville, TN 37209

Dear Mr. Morrow:

Please find attached the monitoring report of the St. Luke's Community House relating to the contract it had 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 April 5, 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: Corey Gephart, Executive Director
Talia Lomax-O'dneal, Director of Finance
Gene Nolan, Deputy Director of Finance
Kim McDoniel, 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

St. Luke's Community House

◆ Monitoring Report ◆

Conducted by



Office of Financial Accountability

May 30, 2017

MONITORING REPORT

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INTRODUCTION

The Office of Financial Accountability (hereinafter referred to as “OFA”) has completed a monitoring review of St. Luke’s Community House. 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 St. Luke’s Community House 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-3425	Community Enhancement Funds	\$47,300	July 1, 2015	June 30, 2016

Agency Background

St. Luke’s Community House offers a wide array of services to the community. The agency’s mission is to help low income working families, seniors, and individuals in West Nashville achieve their potential and prevent problems that threaten the stability of families and community. The agency concerns itself with the welfare and dignity of individuals and seeks to strengthen and support the family unit.

Programs offered by St. Luke’s Community House include a sliding-scale, licensed preschool program with a focus on Kindergarten readiness, an on-site food bank, emergency financial assistance services and programs especially designed for the benefit of senior citizens.

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.

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-3425. 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 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:

1. A minimum of 150 unduplicated participants; including 98 children (ages 6 weeks to 4 years) attending preschool; 40 preschool parents, and 12 (3rd and 4th graders) will be served.
2. 85% of pre-k four year olds will receive literacy skills to be successful second graders, measured by the Get Ready to Read assessment tool in spring of 2016.
3. 40 parents will attend at least one quarterly family literacy workshop.

Based on our review of program documentation and discussions with staff, program performance objectives #1 and 3 were not met and the agency was not in compliance with contractual program objectives. See finding #1 in the Findings and Recommendations section for 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 did comply 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

1. Program Performance Objectives Not Met

Finding

The St. Luke's Community House failed to meet objective #1 and 3 of the three program objectives as stated in the grant contract. Per the grant contract, objective 1 and 3 stated:

1. A minimum of 150 unduplicated participants; including 98 children (ages 6 weeks to 4 years) attending preschool; 40 preschool parents, and 12 (3rd and 4th graders) will be served.
3. 40 parents will attend at least one quarterly family literacy workshop.

Based upon program documentation provided, St. Luke Community House only provided services to 125 unduplicated participants; not the required 150 participants according to the contract. In addition, only 23 parents attended at least one quarterly family literacy workshop; not the required 40 parents.

Recommendation

The St. Luke's Community House should take the necessary steps to ensure that program objectives are met and adequately documented.

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 14 days from the report date to the address below:

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