

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY



January 29, 2019

John Horst, Board Chair
Monroe Harding, Inc.
1120 Glendale Lane
Nashville, TN 37204

Dear Mr. Horst:

Please find attached the monitoring report of the Monroe Harding, Inc. relating to the contract with the Metropolitan Government of Nashville and Davidson County for the fiscal year ending June 30, 2018.

The Office of Financial Accountability is charged with the responsibility of monitoring grant funds, including Community Partnership Funds, from Metropolitan Nashville Government to any nonprofit organization. Staff from the Office of Financial Accountability conducted the review on November 6, 2018.

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, CMFO, CICA, CFE
Finance Manager

cc: David Popen, President & CEO, Monroe Harding, Inc.
Talia Lomax-O'dneal, Director of Finance, Department of Finance
Brian Kelsey, Chief Strategy Officer, Office of the Mayor
Kim McDoniel, Deputy Director of Finance, Department of Finance

Gene Nolan, Deputy Director of Finance, Department of Finance
Phil Carr, Chief of Accounts, Department of Finance
Tony Neumaier, Budget Officer, Department of Finance
Mark Swann, Metropolitan Auditor, Office of Internal Audit
Fred Adom, CPA, CGMA, CICA, Director, Office of Financial Accountability
Essie Robertson, CPA, CMFO, CICA, Office of Financial Accountability
Dolly Cook, Office of Financial Accountability



Metropolitan Government of Nashville and Davidson County

MONROE HARDING, INC.

◆ **Monitoring Report** ◆

Conducted by



Office of Financial Accountability

January 29, 2019

MONITORING REPORT

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INTRODUCTION

The Office of Financial Accountability (hereinafter referred to as “OFA”) has completed a monitoring review of the Monroe Harding, Inc. 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 Monroe Harding, Inc. 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 Partnership 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-3921	Community Partnership Funds	\$26,500	July 1, 2017	June 30, 2018

Agency Background

Monroe Harding provides youth and families, a healing community to make meaningful change to deal with past trauma for a better future. Monroe Harding's mission is to step in as a family to help ensure that those who are in, or transitioning out of, foster care have safe homes, loving guidance and an opportunity to grow into independent adults. Monroe Harding's programming is aimed at providing therapeutic care to move families beyond trauma, develop resilience and repair as individuals, and promote reconciliation when possible.

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, 2017 through June 30, 2018.

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-3921. 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.

RESULTS OF REVIEW

3. Program and Performance Objectives

The contract stipulated that the agency shall use the funds to operate an afterschool education and enrichment program with the following outcomes:

- 1) 125 youth ages 16-26, transitioning out of or formerly in foster care, will receive services at Monroe Harding's Youth Connections Resource Center in downtown Nashville.
- 2) 20 youth will achieve one of the following milestones:
 - a. Graduate from high school
 - b. Pass the HISET
 - c. Enroll in post-secondary education
- 3) 25 youth will participate in peer mentoring groups (sisterhood/brotherhood) and demonstrate increased knowledge of healthy lifestyle and relationship choices.
- 4) 50 youth will participate in the Opportunity Passport financial education curriculum and will demonstrate increased knowledge of personal finance and asset-building.

Based on our review of program documentation and discussions with staff, program performance objective #3 was not met and the agency was not in compliance with contractual program objectives. See finding #1 in the Findings and Recommendation for additional 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.

RESULTS OF REVIEW

We reviewed all applicable financial and programmatic reports required by the contract, including audited financial statements. Based on our review, the agency failed to comply with all financial and programmatic reporting requirements. See Findings #2 in the Findings and Recommendation for additional 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. Program Performance Objectives Not Met

Finding

The Monroe Harding, Inc. failed to meet the following program objective as stated in the grant contract. Objective #3 states:

- 3) 25 youth will participate in peer mentoring groups (sisterhood/brotherhood) and demonstrate increased knowledge of healthy lifestyle and relationship choices.

Based on program documentation provided to auditors, only twenty (20) youth participated in peer mentoring groups; therefore, the agency failed to successfully meet this program objective.

Recommendation

Monroe Harding, Inc. should take the necessary steps to ensure that program objectives are met and adequate documentation is available to support the outcomes.

2. Reliability of Financial and Programmatic Reporting

Finding

The Monroe Harding, Inc. failed to submit the required final reports according to the contract. Section C.4 of the grant contract, states “the recipient must submit a final grant annual expenditure report, to be received by the Mayor’s office, within 45 days of the end of the grant contract.” The contract also states under section D.9 Reporting, “the recipient must submit a final program report, to be received by the Mayor’s Office, within 45 days of the end of the grant contract.” Therefore, the agency was required to submit both the annual expenditure and the final program report by August 15, 2018.

FINDINGS AND RECOMMENDATIONS

Recommendation

The Monroe Harding, Inc. should take the necessary steps to ensure that the required final annual expenditure and the final program reports are submitted to the Mayor's Office within the required time frame.

Corrective Action Plan Required

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

Office of the Mayor
1 Public Square, Suite 100
Nashville, TN 37201
ATTN: Brian Kelsey