

**METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY**



April 1, 2020

Amos-Leon' Otis, Board Chair  
Tennessee State University Foundation  
3500 John A Merritt Blvd  
Campus Box 9542  
Nashville, TN 37209

Dear Mr. Otis:

Please find attached the monitoring report of the Tennessee State University Foundation relating to the contract it had with the Metropolitan Government of Nashville and Davidson County for the fiscal year ending June 30, 2019.

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 27, 2020.

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: Betsy Jackson Mosley, Executive Director, TSU Foundation  
Ben Northington, Director of Fiscal Account, TSU Foundation  
Kevin Crumbo, Director, Department of Finance  
Talia Lomax-O'dneal, Deputy Director, Department of Finance

OFFICE OF FINANCIAL ACCOUNTABILITY

Kim McDoniel, Deputy Director, Department of Finance  
Tom Eddlemon, Deputy Director, Department of Finance  
Mary Jo Wiggins, Deputy Director, Department of Finance  
Phil Carr, Chief of Accounts, Department of Finance  
William Walker, Interim Metropolitan Auditor, Office of Internal Audit  
Fred Adom, CPA, CGMA, CICA, Director, Division of Grants & Accountability  
Essie Robertson, CPA, CMFO, CICA, Office of Financial Accountability  
Dolly Cook, CICA, Office of Financial Accountability  
Nicole Whitlock, Office of Financial Accountability



*Metropolitan Government of Nashville and Davidson County*

# **TENNESSEE STATE UNIVERSITY FOUNDATION**

◆ **Monitoring Report** ◆

Conducted by



**Office of Financial Accountability**

April 1, 2020

# 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 Tennessee State University Foundation. 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 Tennessee State University Foundation 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 Direct Appropriation 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 contracts with Metro Government:

<b>Contract</b>	<b>Type</b>	<b>Amount</b>	<b>Contract Term</b>	
L-4096	Direct Appropriation	\$50,000	July 1, 2018	June 30, 2019

### **Agency Background**

Per the agency’s website, The Tennessee State University Foundation’s mission is “to promote and support literary, scientific, educational, scholarship, research, charitable and development purposes and goals at Tennessee State University.” It serves as the official charitable organization authorized to accept private contributions for Tennessee State University. It was established in 1970, the foundation is managed by an independent board of trustees comprised of alumni, business and community leaders who are committed to its vision for the future. The responsibility of the board is to acquire, manage, and administer foundation funds to support the university.

## 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, 2018 through June 30, 2019.

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-4096. 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 the core compliance areas identified by 2 CFR Part 200: *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

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 achieve the following outcomes:

1. A minimum of 27,000 fans and alums of Tennessee State and Bethune Cookman will attend the game-day activities including the Classic Tailgate and football game.

## RESULTS OF REVIEW

---

2. Another 13,000 individuals will participate in Classic week-end events including The Senior Kick-Off Luncheon, The Classic Cocktail Reception, The Classic Pep Rally, The Classic Fashion Show, The 9th Annual Back to the Park Mixer, The Official Classic After Party and the After Brunch Day Party. These events make the “JMC Classic” a Classic, activities that draw people to the city for the game.

Based on our review of program documentation and discussions with staff, the program performance objectives were not met, and the agency was not in compliance with contractual program objectives. See Finding #1 in the Findings and Recommendation section 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.

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**

---

### **1. Program Performance Goals Not Met**

#### **Finding**

Tennessee State University Foundation failed to meet the program performance goals as stated in the grant contract. Per the grant contract, TSU Foundation was to perform the following:

1. A minimum of 27,000 fans and alums of Tennessee State and Bethune Cookman will attend the game-day activities including the Classic Tailgate.
2. Another 13,000 individuals will participate in Classic week-end events including The Senior Kick-Off Luncheon, The Classic Cocktail Reception, The Classic Pep Rally, The Classic Fashion Show, The 9th Annual Back to the Park Mixer, The Official Classic After Party and the After Brunch Day Party. These events make the “JMC Classic” a Classic, activities that draw people to the city for the game.

Based on documentation provided, 23,919 fans and alums of Tennessee State and Bethune Cookman attended the game-day activities including the Classic Tailgate and football game not the minimum of 27,000 as stated within the grant contract. In addition, The TSU Foundation was unable to provide documentation to support the number of individuals that participated in the Classic week-end events. Without adequate document, the OFA was unable to confirm that the Tennessee State University Foundation complied with program objective two (2) as stated within the grant contract.

#### **Recommendation**

Tennessee State University Foundation should take the necessary steps to ensure that the program objectives are met and documentation to support program outcomes are maintained for review. Management should further review the objectives to make sure the objectives are reasonable and obtainable.

## FINDINGS AND RECOMMENDATIONS

---

### **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:

Office of Grants and Accountability  
700 2<sup>nd</sup> Avenue South, Suite 201  
P.O. Box 196300  
Nashville, TN 37219-6300  
Attn: Vaughn Wilson