

**METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY**



August 10, 2009

Bishop George W. Price Jr., Board Chair  
Interdenominational Ministers Fellowship  
1102 10<sup>th</sup> Ave. N.  
Nashville, TN 37208

Dear Mr. Price:

Please find attached the Monitoring Report of the Interdenominational Ministers Fellowship Peniel Initiative relating to the contract it has with the Metropolitan Government of Nashville and Davidson County for the fiscal year ending June 30, 2008.

The Office of Financial Accountability (OFA) is charged with the responsibility of monitoring grant funds from Metropolitan Nashville Government to any nonprofit organization. The OFA is also responsible for monitoring the federal and state grants to departments within the Metropolitan Nashville Government. Staff from the OFA conducted the review on April 8, 2009.

We appreciate the assistance provided by your agency during the course of the review. If you have any questions, please call me at 615-880-1035.

Sincerely,

Fred Adom, CPA  
Director

cc: Rev. Jimmy Greer, Executive Director

Rev. Neely Williams, Program Director  
Melva Black, Program Volunteer Coordinator  
Richard M. Riebeling, Director of Finance  
Talia Lomax-O'dneal, Deputy Director of Finance  
Gene Nolan, Deputy Director of Finance  
Kim McDoniel, Chief of Accounts  
Mark Swann, Internal Audit  
Kevin Brown, Office of Financial Accountability  
Laura Cowan, Office of Financial Accountability  
Brad Thompson, Office of Financial Accountability



◆ **Monitoring Report of** ◆

# **Interdenominational Ministers Fellowship (IMF)**



**Conducted by**



**Office of Financial Accountability**

August 10, 2009

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 Interdenominational Ministers Fellowship. 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 Metropolitan Government of Nashville and Davidson County (hereinafter referred to as “Metro”) or any of its component units. The OFA is responsible for the internal monitoring of Metro agencies that receive federal and state financial assistance, including cooperative agreements and non-profit organizations that receive appropriations 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	Grantor	Amount	Term	Use
L-1978	Direct Appropriation	Metro Government	\$50,000	July 1, 2007 to July 30, 2008	Support Services

### Agency Background

Interdenominational Ministers Fellowship (IMF) began as a direct action group designed to fight social injustices. The agency is comprised of a 40-member body of churches, and addresses issues impacting the poor and disenfranchised. The IMF is also overseeing the Nashville Crime Victims Resource Center project, known as IMF Peniel Initiative, a collaboration of service providers and faith-based organizations who have pledged to work together to improve services to victims of crime in the four Nashville neighborhoods with the highest rate of victimization and poverty.

IMF recently collaborated with the Covenant Association to stop gun-related violence in Nashville and to address the problem of guns and violence in the community. This collaboration resulted in a community roundtable discussion at Vanderbilt University, as well as ongoing working relationships with city officials and the Metro Nashville Police Department.

## OBJECTIVES, SCOPE AND METHODOLOGY

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### Objectives, Scope and Methodology

The objectives of our review were:

- 1) To determine whether the agency has the resources and capacity to administer the grant funds.
- 2) To determine if costs and services are allowable and eligible.
- 3) To verify that program objectives are being 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, 2007 through June 30, 2008.

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-1978. 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 are Allowable and Eligible?		✓
Program Objectives being Met?	✓	
Reporting Requirements Met?	✓	
Sufficient Internal Control Environment?	✓	
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, the qualification of the individuals assigned to manage the accounting records, and other available resources, indicates that the agency possesses the necessary resources and 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 OMB Circular A- 133: *Audit of States, Local Government, and Non-Profit Organizations*. Based on our testwork, the majority of costs and services during the period were allowable and eligible. However, as explained in our findings and recommendations below, the agency was noncompliant with certain contract stipulations related to allowable and eligible costs and services. The agency's accounting for expenses was inadequate; the expenses were accrued and allocated to programs without detail breakdown of the payees or supporting schedules for the journal entries. In addition there were no bank statements available for review. The OFA tested 100% of supporting documentation available for the Metro grant; 26% of the non-payroll expenditures tested lacked required supporting documentation. Because supporting documentation was inadequate or nonexistent in most cases, we were unable to determine if all costs incurred by the agency complied with applicable guidelines outlined in OMB Circular A-122.

Second, of the \$50,000 direct appropriation received by the agency, \$12,504 (25%) was not expended during the contract period. Recipients of direct appropriations are required to expend funds in accordance with the terms of the contract, which

## **RESULTS OF REVIEW**

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stipulates that grant funds are to be used for specific purposes during the contract period.

Finally, expenditure reports required to be filed with the Metro Division of Grants Coordination were not filed in a timely manner.

### **3. Program Objectives Being Met**

The contract stipulates that the Grantee shall use the funds for general operating expenses. Based on our review of program documentation and interviews of staff personnel, these objectives are being met and the agency is 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. Except as noted in Finding #3, the agency complied with financial and programmatic reporting requirements.

### **5. Internal Control Environment**

In order to determine the adequacy of the design of internal controls, we obtained and reviewed an independent auditor's report on internal control over financial reporting and/or a completed internal control questionnaire. This audit procedure was performed solely as a basis for determining our testwork and to assist us in making suggestions for improvement to management. We did not evaluate the operating effectiveness of internal controls over financial reporting.

Our review of the design of the agency's internal controls did not reveal any control deficiencies. Further, nothing came to our attention that would necessitate suggestions for improvement in internal control activities to management.

## RESULTS OF REVIEW

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### **6. 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.

## **FINDINGS AND RECOMMENDATIONS**

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### **1. Unsupported Expenditures**

The review identified serious issues with the agency's accounting procedures. Though the agency utilized QuickBooks accounting software, the accounting was recorded in a manner that did not provide adequate audit trail. The system is fully capable of allocating funds by purpose or objective; however, it is not being utilized in that capacity.

In addition we found that 26% of sampled expenditures lacked adequate supporting documentation, such as an original vendor's invoice. Because supporting documentation was inadequate or nonexistent in most cases, we were unable to determine if all costs incurred by the agency complied with applicable guidelines outlined in OMB Circular A-122 or Metro grants guidelines. We also found that Metro grant funds were essentially commingled with grant funds from other agencies, a practice which is prohibited by the Metro Grants Manual.

#### **Recommendation:**

All expenditures reported to Metro should be adequately and readily supported. The agency should ensure proper and necessary documentation prior to making any payments. Expenditures should then be allocated to the assigned cost objective. Further, documentation should be properly maintained and made available for review upon request.

### **2. Grant Funds not Fully Expended during the Contract Period**

Recipients of Metro direct appropriations are required to expend funds in accordance with the terms of the contract, which stipulate that grant funds are to be used for specific purposes and expended entirely during the contract period. Unexpended grant funds constitute unearned funding.

Of the \$50,000 direct appropriation received by the agency, \$12,504 (25%) was not expended as of the end of the contract period June 30, 2008.

## **FINDINGS AND RECOMMENDATIONS**

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In summary, 25% of the direct appropriation funding received by the agency constitutes questioned costs in the amount of \$12,504.

### **Recommendation:**

The agency management and Board of Directors should periodically review compliance with contractual requirements. At a minimum, the Board should ensure that all grant funding is properly expended during the contractual period for allowable costs.

**The grant requires unexpended funds to be refunded to the grantor. The agency should resolve the questioned costs of \$12,504 with the Metro Nashville Government.**

### **3. Untimely Expenditure Reports**

Expenditure reports required to be filed with the Metro Division of Grants Coordination were not filed in a timely manner. Specifically, expenditure reports due August 15<sup>th</sup> were not received by the Metro grants coordinator until September.

### **Recommendation:**

The agency should ensure that annual expenditure reports are submitted to the Division of Grants Coordination no later than August 15<sup>th</sup>.

### **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 30 days from the report date to Ms Tiffy Barnett at the address below:

Ms Tiffy Barnett  
Metro Finance Department  
Division of Grants Coordination  
222 Third Avenue North, Suite 650  
Nashville, TN 37201