

BILL PURCELL
MAYOR



METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DEPARTMENT OF FINANCE
222 THIRD AVENUE NORTH, SUITE 650
NASHVILLE, TENNESSEE 37201

August 31, 2005

Ms. Beth Fortune
Metropolitan Education Access Corporation
120 White Bridge Rd. #46
Nashville, TN 37209

Dear Ms. Fortune:

Please find attached the Monitoring Report of the Metropolitan Education Access Corporation, Inc. relating to the contract it has with the Metropolitan Government of Nashville and Davidson County for the fiscal year ending June 30, 2005.

The Office of Financial Accountability (OFA) is charged with the responsibility of monitoring grant funds from Metropolitan Nashville Government to any nonprofit organizations. 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 August 25, 2005.

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
Director

cc: Michael Catalano, Executive Director Metropolitan Education Access Corporation
David Manning, Director of Finance
Talia Lomax-O'dneal, Deputy Director of Finance
Mitzi Martin, Division of Accounts
Kim McDoniel, Internal Audit
Kevin Brown, Office of Financial Accountability
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◆ Monitoring Report of ◆

Metropolitan Education Access Corporation, Inc.



Issued by



Office of Financial Accountability

August 31, 2005

Fred Adom, CPA
Director

Kevin Brown,
Lead Auditor
Bryan Gleason,
Assistant Auditor

Our Vision: To be excellent and proficient in monitoring and management services.

Monitoring Report
for the
Metropolitan Education Access Corporation, Inc.

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OBJECTIVES, SCOPE AND METHODOLOGY

The Office of Financial Accountability (herein after referred to as OFA) is charged with the responsibility of monitoring grant funds from Metropolitan Nashville Government to any nonprofit organizations, which receive appropriations from the Metropolitan Nashville and Davidson County government. The OFA is also responsible for monitoring the federal and state grants to departments within the Metropolitan Nashville Government.

We have completed a monitoring review of the Metropolitan Nashville Government grant to the Metropolitan Education Access Corporation, Inc. for the year ended June 30, 2005. 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 assurance regarding the financial statements of the Metropolitan Education Access Corporation. Our objectives for this review were:

- 1) To determine whether the agency has the resources and capacity to administer the grant funds
- 2) To test if costs and service 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 test the reliability of internal controls
- 6) To verify contractual compliance

The review was limited to the Metropolitan Government of Nashville and Davidson County grant L-1249 in the amount of \$57,500.00 to the Metropolitan Education Access Corporation for the fiscal year ending June 30, 2005. The Metropolitan Education Access Corporation was to utilize the grant funds from Metro to support its operations. Specifically, the contract states "...the Metropolitan Education Access Corporation shall make educational access channels (cable channels 9 & 10) available to cable subscribing homes in the Nashville/Davidson County area and shall provide educational and arts related programming to fill unmet educational needs of the Nashville Community". Throughout the year, the Metropolitan Education Access Corporation aired four public service announcements for the Mayor's Youth Council covering the following areas: 1) STDs, 2) smoking, 3) obesity, and 4) drinking. The Metropolitan Education Access Corporation reaches approximately 65% of all homes in Davidson County. To accomplish our objectives of the monitoring review we:

- Interviewed the officials responsible for the grant management, financial reporting, and accountability.
- Reviewed controls and supporting documentation of expenditures for allowability, necessity and reasonableness of the costs incurred.
- Reviewed operations and activities offered by the Metropolitan Education Access Corporation and its compliance with the intended beneficiaries of the grant funds.
- Reviewed the financial stability of the Metropolitan Education Access Corporation and its ability to continue to administer the grant program funded by Metro.
- Reviewed the agencies General Ledger to verify the accuracy of the agency's invoices submitted to Metro.

RESULTS OF MONITORING

The overall results of the monitoring review for the Metropolitan Education Access Corporation, Inc. are provided in this section. The results are based on tests performed and include conclusions regarding the specific review objectives and, if applicable, recommendations for improvement and an action plan for implementing the conclusions. Where applicable, the Findings and Recommendations section of the report provides more insight into the problem identified in the results below.

1. Possess necessary resources and capacity to administer the 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 Metropolitan Education Access Corporation possesses the necessary resources and expertise to administer the grants funds. The agency's staff has two to three years of experience with grants. The agency had contracted with CFO Services to maintain the agency's accounting records.

The agency's Board of Directors is comprised of seven members with diverse professional backgrounds. The Board of Directors meets on a monthly basis and takes an active role in the operations of the Metropolitan Education Access Corporation.

2. Allowable and Eligible costs and services

The contract between Metropolitan Nashville Government and the Metropolitan Education Access Corporation for the year ended June 30, 2005, required the agency to use the grant funds to support its operations. The agency was expected to use the grant funds to fund the salary of the agency's Executive Director and to cover the agency's executive, programming, and development activities. Our review determined that the Metropolitan Education Access Corporation was in compliance with this requirement.

The grants manual specifies for the separate accounting of the Metropolitan Nashville Government grant funds to prohibit co-mingling of the Metro Funds with other sources of funding. The Metropolitan Education Access Corporation, Inc. contracted to CFO Services to maintain the agency's accounting records. The CFO Services established different revenue classes as well as expenditure classes, so the agency can accurately track the sources and amounts of their funding. The OFA verified the agency incurred eligible and allowable expenditures to cover the Metro grant..

3. Program objectives being met

The contract between Metropolitan Nashville Government and the Metropolitan Education Access Corporation, Inc. for the year ended June 30, 2005, stipulates that the Grantee is to make educational access channels (cable channels 9 & 10) available to cable subscribing homes in the Nashville/Davidson County area and shall provide educational and arts related programming to fill the unmet educational needs of the Nashville Community. Our review revealed that the program objectives were being met.

4. Reliability of financial and programmatic reporting

The Metropolitan Access Education Corporation is also required to submit to Metro reports of the program outcome and a final expenditures report 45 days after the close of the contract. Our review revealed that the Metropolitan Education Access Corporation did not complete the final expenditures report. Finding #1 in the Finding and Recommendation Section provides further discussion on the agency not completing the final expenditures report as required by the grant contract.

RESULTS OF MONITORING

5. Reliability of internal controls

Our review of the internal controls of the Metropolitan Education Access Corporation revealed that the agency does not always maintain receipts/invoices to support grant disbursements. Finding #2 in the Findings and Recommendations section provides further discussion on the agency's need to improve its documentation to support grant expenditures.

6. Contractual compliance

Due to the specific program objectives that were outlined in the grant, we determined that Metropolitan Education Access Corporation was not fully in compliance with the grant contract. The discrepancy was discussed previously under item #4 of this section and is discussed further under Finding #1 in the Findings and Recommendation section.

7. Civil rights requirements

Our review did not reveal anything to indicate that the Metropolitan Education Access Corporation was not in compliance with civil rights requirements. The agency has not received any complaints regarding any form of discrimination and the agency has civil rights and ADA posting in public places.

FINDINGS AND RECOMMENDATIONS

1. Financial and programmatic reporting efforts need improvement.

Finding

Tests performed revealed that the agency did not complete and submit the Final Expenditures Report within the timeframe required by the contract. On page 2 of the grant contract under C.4 it states, “the recipient shall submit a final grant expenditures report within 45 days of the end of the grant contract. The Metropolitan Education Access Corporation submitted a final expenditures report within the required time frame; however, the agency did not complete the report.

Recommendation

The Metropolitan Education Access Corporation should review the grant contract and ensure that all financial and programmatic reports required by the grantor are completed accurately and submitted within the required time.

2. Needs to improve documentation of expenditures.

Finding

Testing revealed that that agency does not always maintain the proper documentation necessary to support grant funds (i.e., invoices and/or receipts). Thirty-one percent (31%) of the sample tested were not supported by an invoice or receipt. The lack of proper supporting documentation made it impossible to determine if the expenditures charged to the grant were reasonable, necessary, and allowable; however, the OFA auditors noted that those purchases appeared to be for communication expenses from Sprint and Comcast.

As stated in the Metro Grants Manual, costs should meet the following criteria to be allowable:

- a. A reasonable use of funds,
- b. A necessary use of funds,
- c. For a reasonable amount,
- d. For a clear purpose,
- e. Consistent with the purpose of the Grantee’s program,
- f. Compliant with the terms and purpose of the Metro grant,
- g. Authorized within the budget,
- h. Properly approved,
- i. Adequately documented.

The OFA did not question any of the cost reported to Metro, however such weaknesses could lead to questioned cost in the future.

Recommendations

We recommend that Metropolitan Education Access Corporation take the following actions:

- 1. Ensure there is proper and necessary documentation prior to any payments.**
- 2. Ensure that such documentation is properly maintained and made available for review.**
- 3. Ensure all expenditures reported to Metro can be readily supported.**