

BILL PURCELL
MAYOR



METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

November 4, 2005

Carter Todd, Board Chair
Nashville Sports Council
211 Commerce Street, Suite 100
Nashville, TN 37201

Dear Mr. Carter Todd:

Please find attached the Monitoring Report of the Nashville Sports Council 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 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 October 14, 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,

A handwritten signature in black ink, appearing to be "Fred Adom".

Fred Adom
Director

cc: Mark Floyd, Nashville Sports Council
David Manning, Director of Finance
Talia Lomax-O'dneal, Deputy Director of Finance
Kim McDoniel, Assistant Director of Finance
Don Dodson, Internal Audit
Bill Walker, Office of Financial Accountability



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◆ Monitoring Report of ◆

Nashville Sports Council



Issued by



Office of Financial Accountability

November 4, 2005

Fred Adom, CPA
Director

Bill Walker, CPA
Auditors

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

Monitoring Report
for the
Nashville Sports Council

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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 Nashville Sports Council 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 Nashville Sports Council. 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-1346 in the amount of \$144,200 to the Nashville Sports Council for the fiscal year ending June 30, 2005. The Nashville Sports Council is a nonprofit organization incorporated in the State of Tennessee. The mission of the Nashville Sports Council is to “positively impact the economy and quality of life of the Greater Nashville Area by attracting and promoting professional and amateur sports”. The Nashville Sports Council was established in 1992 and has successfully brought over 80 events to the Nashville area that will yield an economic impact of 242,000,000 through 2006. A sample of events sponsored by the Nashville Sports Council during the grant period include the Music City Marathon, the Music City Bowl, the 1st and 2nd round of the NCAA Men’s Basketball Tournament, the O’Charley’s Dinner of Champions, the NCAA East Regional Golf Tournament, and the AAU Girls Basketball Program. In accordance with the grant contract between the Nashville Sports Council and Metro, funding from grant L-1346 were to be used specifically for salaries and travel.

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 Nashville Sports Council and its compliance with the intended beneficiaries of the grant funds.
- Reviewed the financial stability of the Nashville Sports Council 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 Nashville Sports Council 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 Nashville Sports Council possesses the necessary resources and expertise to administer the grants funds. The agency's fiscal staff has several years of grant accounting experience. The Nashville Sports Council's Board of Directors is comprised of members with diverse professional backgrounds. The OFA reviewed the Board minutes for the grant period and noted that Board Members appear to be actively involved in the oversight of the program.

2. Allowable and Eligible costs and services

The contract between Metropolitan Nashville Government and the Nashville Sports Council for the year ended June 30, 2005, required the Nashville Sports Council to use the grant funds to fund a portion of staff salaries and travel expenses. Our review determined that the Nashville Sports Council was in compliance with this requirement. The OFA tested a random sample of the salaries and travel expenses related to the Nashville Sports Council. Based on this testwork, the OFA determined that these expenditures appeared to be for allowable and eligible activities.

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 agency is compliance with this requirement of the grants manual. Our review covered all of the core compliance areas identified by OMB Circular 133 Audit of States, Local Government, and Non-Profit Organizations.

3. Program objectives being met

The contract between Metropolitan Nashville Government and the Nashville Sports Council for the year ended June 30, 2005, stipulates that the Grantee is to use grant funds to "underwrite and support the direct and indirect cost of identifying, recruiting, and hosting major sporting events within the community". Based on interviews with the Grantee's staff and the review of the agencies documentation, the Nashville Sports Council appears to be in compliance and program objectives are being met.

4. Reliability of financial and programmatic reporting

The contract called for submission of an annual audit report performed by a Certified Public Accountant. The Nashville Sports Council 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 Nashville Sports Council 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.

5. Reliability of internal controls

Our review of the internal controls of the Nashville Sports Council revealed that the agency appeared to be well managed and incorporate strong internal controls. The Board of Directors provides sufficient oversight and there appears to be adequate segregation of duties in the implementation of grant funds.

6. Civil rights requirements

Our review did not reveal anything to indicate that the Nashville Sports Council was not in compliance with civil rights requirements. The agency had not received any complaints regarding any form of discrimination and the agency had civil rights and ADA posting in public places. The Nashville Sports Council employee handbook addresses the agency's civil rights policy as well.

FINDINGS AND RECOMMENDATIONS

1. Financial and programmatic reporting efforts need improvement.

Finding

Tests of reporting requirements revealed Nashville Sports Council failed to complete and submit the final expenditures report and final program report within 45 days of the close of the grant as required by the contract. Page 2 Section C.4 of the grant contract states, the recipient shall submit a final grant expenditures and program reports within 45 days of the end of the grant contract. Tests showed the Nashville Sports Council submitted a report within the required deadline however the reports were incomplete. Filing incomplete reports does not satisfy the grant provision.

Recommendation

The Nashville Sports Council 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.