

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY



November 30, 2009

Marcellus Brooks, President Board of Directors
North Edgefield Organized Neighbors
914 Meridian Street
Nashville, TN 37207

Dear Mr. Brooks:

Please find attached our report on the follow up review of the Correction Action plan submitted by the North Edgefield Organized Neighbors in response to the Monitoring Report issued on August 10, 2009 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 commenced fieldwork for the review on October 15, 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: Wanda Jordan, Executive Director
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, Office of Internal Audit
Kevin Brown, Office of Financial Accountability
Laura Cowan, Office of Financial Accountability
Brad Thompson, Office of Financial Accountability



◆ Monitoring Report of ◆

North Edgefield Organized Neighbors (NEON)



Conducted by



Office of Financial Accountability

November 30, 2009

MONITORING REPORT

TABLE OF CONTENTS

INTRODUCTION 5

OBJECTIVES, SCOPE AND METHODOLOGY 6

RESULTS OF REVIEW 7

RECOMMENDATIONS 8

INTRODUCTION

The Office of Financial Accountability (hereinafter referred to as “OFA”) has completed a monitoring review of the North Edgefield Organized Neighbors. 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	Purpose
L-2048	Direct Appropriation	Metro Government	\$45,900.00	July 1, 2007 to July 30, 2008	Tutoring, Arts Programs and Workshops

Agency Background

The North Edgefield Organized Neighbors (NEON) is a non-profit organization established to serve the 5th Council district community. This council district consists of more than ten thousand Nashville residents. The agency serves approximately twelve neighborhood organizations by providing assistance with services such as tutoring, community empowerment, homebuyer programs, community beautification, quality of life improvement, and other community services. North Edgefield Organized Neighbors also provides an Artworks program that is designed to increase the arts in the East Nashville community while promoting creativity among the youths and families of the area.

OBJECTIVES, SCOPE AND METHODOLOGY

Objectives, Scope and Methodology

The objectives of this follow-up review were solely to determine whether NEON had incurred costs and services that are allowable and eligible to earn the \$15,543 that were unexpended at the end of the prior grant period, as indicated in our report dated August 9, 2009; and to ensure that the costs were incurred in activities consistent with the program objectives and contractual requirements set forth in Contract L-2048.

Review procedures included meeting with agency management and staff and examining certain financial records and supporting documentation necessary to ensure compliance with the grant contract. Specifically, auditors from the Office of Financial Accountability:

- Revisited the offices of North Edgefield Organized Neighbors as a follow-up to the agency's response to the corrective action plan recommended in our last monitoring report issued on August 10, 2009.
- Reviewed supporting documentation of expenditures for allowability, necessity and reasonableness.
- Reviewed the agency's General Ledger and verifying the accuracy of all invoices submitted to Metro.
- Interviewed the employees responsible for grant management, financial reporting, and accountability.

RESULTS OF REVIEW

The original finding in our last report reads as follows:

Original Finding:

1. Grant Funds not fully expended during the Contract Period

Tests indicate NEON did not expend all of the funds for the Metro award during the grant period. NEON was awarded \$45,900 direct appropriation effective through the end of July 2008. The agency received payments of \$40,204, but documented expenditures during the same period were only \$24,661; \$15,543 (34%) was not 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. In summary, 34% (\$15,543) of the direct appropriation funding received by NEON constitutes unearned funds at the end of the grant period.

Recommendation:

The agency's management and Board of Directors should periodically review compliance with contractual requirements. The Board should resolve the unearned funds at July 31, 2008 with Metropolitan Government of Nashville.

NEON's Response to the Corrective Action

The agency indicated the unearned grant funds totaling \$15,543 had been expended for allowable and eligible costs during the subsequent period.

Results of OFA Review of Corrective Action

Our follow-up review determined that NEON has incurred enough eligible and allowable expenditures since the end of the last review period to earn the \$15,543

RESULTS OF REVIEW

unearned funds reported in the last review. The table below details the breakdown of the expenses reviewed:

Unearned Balance reported in Monitoring Report dated August 10th, 2009 **\$ (15,543.00)**

Eligible and Allowable Expenditures identified during Follow-up Review

<u>Line Item</u>	<u>Allowable Expenditures</u>
Salaries	\$ 3,932.40
Benefits and Taxes	622.80
Professional Fees	362.50
Supplies	577.69
Communications	1,205.66
Occupancy	
Electricity	\$ 1,658.96
Gas	2,727.48
Maintenance	5,644.10
Water	97.20
Occupancy - Total	\$ 10,127.74
Printing and Publication	160.00
Total Allowable Expenditures Identified during Follow-up Review	\$ 16,988.79
Excess Allowable Expenditures Identified	\$ 1,445.79

Recommendation: No further action required