

BILL PURCELL  
MAYOR



**METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY**

DEPARTMENT OF FINANCE  
OFFICE OF FINANCIAL ACCOUNTABILITY  
222 THIRD AVENUE NORTH, SUITE 315  
NASHVILLE, TENNESSEE 37201

December 12, 2005

Robert Fisher, Board Chair  
**Partnership 2010**  
211 Commerce St., Suite 100  
Nashville, TN 37201

Dear Dr. Fisher:

Please find attached the Monitoring Report of Partnership 2010-Nashville Area Chamber relating to the contract it had with the Metropolitan Government of Nashville and Davidson County for the fiscal year ending June 30, 2005.

The Office of Financial Accountability 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 October 6, 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: Mike Neal, Executive Director – Partnership 2010  
Mark Floyd, Chief Financial Officer – Partnership 2010  
David Manning, Director of Finance  
Talia Lomax-O'dneal, Deputy Director of Finance  
Kim McDoniel, Assistant Director of Finance  
Don Dodson, Internal Audit  
Kevin Brown, Office of Financial Accountability  
Bryan Gleason, Office of Financial Accountability



## Metropolitan Government of Nashville and Davidson County

222 3<sup>rd</sup> Ave. N.  
Suite 650  
Nashville, TN 37201

615-862-6170 office  
615-862-6175 fax

[www.nashville.gov/finance](http://www.nashville.gov/finance)

◆ Monitoring Report of ◆

# Partnership 2010-Nashville Area Chamber



Issued by



## Office of Financial Accountability

Fred Adom, CPA  
Director  
Kevin Brown,  
Lead Auditor  
Bryan Gleason,  
Assistant Auditor

December 12, 2005

*Our Vision: To be excellent and<sup>2</sup> proficient in monitoring and management services.*

Monitoring Report  
for the  
Partnership 2010-Nashville Area Chamber

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## OBJECTIVES, SCOPE AND METHODOLOGY

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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 Partnership 2010-Nashville Area Chamber 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 Partnership 2010-Nashville Area Chamber. 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
- 7) To verify that civil rights requirements are being met

The Nashville Area Chamber of Commerce initiative “Partnership 2010” is a public-private economic development initiative for the Nashville region. The region includes Nashville-Davidson County along with the seven other counties of the MSA, plus Maury and Montgomery Counties. The partnership strives to successfully recruit more corporate headquarters and high wage, high-skill manufacturing operations to Middle Tennessee; to pursue sustainable and steady growth for the region in order to maintain a great quality of life in Middle Tennessee; to stay focused on addressing workforce quality and quantity issues in the region; and to nurture the growth and success of Middle Tennessee’s existing industry base. In the past three years alone, seven \$100 million companies have relocated their headquarters to the Nashville Region, and there have also been 401 relocations and major expansions. During 2004 and 2005 fiscal year, thirty-six companies relocated or established major new facilities in the Nashville region, accounting for 2,337 new jobs, 2.3 million square feet of occupied space and a capital investment of \$114 million.

The review was limited to the Metropolitan Government of Nashville and Davidson County grant L-1347 in the amount of \$250,000.00 to the Partnership 2010-Nashville Area Chamber for the fiscal year ending June 30, 2005. 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 Partnership 2010-Nashville Area Chamber and its compliance with the intended beneficiaries of the grant funds.
- Reviewed the financial stability of the Partnership 2010-Nashville Area Chamber 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**

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The overall results of the monitoring review for the Partnership 2010-Nashville Area Chamber 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 problems 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, indicate that the Partnership 2010 possesses the necessary resources and expertise to administer the grants funds. The agency has an accounting department that handles the accounting function in-house. The fiscal manager has several years of accounting experience and is responsible for the recording of expenditures. The agency uses SouthWare accounting software that segregate activities by the type of expenditure and then by the program. The Board of Directors meets monthly and takes a very active role in the agency's operations.

### **2. Allowable and Eligible costs and services**

The contract between Metropolitan Nashville Government and the Partnership 2010-Nashville Area Chamber for the year ended June 30, 2005, required Partnership 2010-Nashville Area Chamber to use the grant funds for out of market advertising and promotional activities, designed to strengthen Nashville's image across the country to attract new businesses to Nashville to enhance the tax and employment base and also be used to support the Metropolitan Nashville Public School system by serving as a liaison between the school system and the business/employer community.

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. The agency has established different revenue classes as well as expenditure classes, so the agency can accurately track the sources and amounts of their funding. Also, the agency can easily and accurately report the expenses supported by the Metro appropriation.

### **3. Program objectives being met**

The contract between Metropolitan Nashville Government and Partnership 2010-Nashville Area Chamber for the year ended June 30, 2005, required the agency to utilize the grant funds for out of market advertising and promotional activities, designed to strengthen Nashville's image across the country to attract new businesses to Nashville to enhance the tax and employment base. Nashville received two prestigious rankings by national publications: No. 1 City in America to Relocate or Expand Your Business by *Expansion Management* magazine, and No. 1 Corporate Headquarters City of the 21<sup>st</sup> Century by *Business Facilities* magazine. During the 2004-2005 fiscal year, thirty-six (36) companies relocated or established major new facilities in the Nashville region, accounting for 2,337 new jobs; and a total of 137 businesses logged sizable expansions in the region, accounting for 6,236 jobs.

### **4. Reliability of financial and programmatic reporting**

The contract called for submission of an annual audit report performed by a Certified Public Accountant. The Partnership 2010-Nashville Area Chamber is required to submit to Metro reports of the program outcomes and a final expenditures report 45 days after the close of the contract. Our review determined that the Partnership 2010-Nashville Area Chamber was not in compliance with this requirement. The Finding and Recommendation section provides further discussion on the agency's failure to submit the required reports.

## **RESULTS OF MONITORING**

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### **5. Reliability of internal controls**

Our review of the internal controls of Partnership 2010-Nashville Area Chamber revealed that the agency appears to be well managed and incorporate strong internal controls. The Board of Directors provides 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 Partnership 2010-Nashville Area Chamber was not in compliance with civil rights requirements. The agency has a written affirmative action plan that addresses civil rights and the American Disabilities Act.

## **FINDINGS AND RECOMMENDATIONS**

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**1. Financial and programmatic reporting efforts need improvement.**

**Finding**

Tests of reporting requirements revealed that the Partnership 2010-Nashville Area Chamber failed to complete and submit the final expenditures report and 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. The Partnership 2010-Nashville Area Chamber did not submit the required reports within the required period.

**Recommendation**

**The Partnership 2010-Nashville Area Chamber 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.**