

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY



September 9, 2022

Nancy Schultz, Board Chair
Nashville Children's Alliance
610 Murfreesboro Pike
Nashville, TN 37210

Dear Ms. Schultz:

Please find attached the monitoring report of the Nashville Children's Alliance relating to the contract it had with the Metropolitan Government of Nashville and Davidson County for the contract period ending December 30, 2021.

The Office of Financial Accountability is charged with the responsibility of monitoring grant funds, including Community Partnership Funds, from Metropolitan Nashville Government to any nonprofit organization. Staff from the Office of Financial Accountability initiated the review on December 7, 2021.

We appreciate the assistance provided by your agency during the course of the review. If you have any questions, please call me at 615-862-6712.

Sincerely,

Kevin Brown

Kevin Brown, CMFO, CFE
Director, Office of Financial Accountability

cc: Dawn Harper, Chief Executive Officer, Nashville Children's Alliance, Inc.
Kelly Flannery, Director, Department of Finance
Diane Lance, Executive Director, Office of Family Safety
Dolly Cook, Office of Family Safety
LaToya Townsend, Office of Family Safety

OFFICE OF FINANCIAL ACCOUNTABILITY

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Metropolitan Government of Nashville and Davidson County

NASHVILLE CHILDREN'S ALLIANCE

◆ **Monitoring Report** ◆

Conducted by



Office of Financial Accountability

September 9, 2022

MONITORING REPORT

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INTRODUCTION

The Office of Financial Accountability (hereinafter referred to as “OFA”) has completed a monitoring review of the Nashville Children’s Alliance. 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 Nashville Children’s Alliance or any of its component units. The OFA is responsible for the internal monitoring of Metropolitan Government of Nashville and Davidson County (hereinafter referred to as “Metro”) agencies that receive federal and state financial assistance, including cooperative agreements and non-profit organizations that receive appropriations and Community Partnership Funds 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 Resolution with Metro Government:

Contract	Type	Amount	Contract Term	
L-4931	Community Partnership Fund	\$40,000	March 01, 2020	December 30, 2021

Agency Background

Nashville Children’s Alliance, formerly Nashville Child Advocacy Center, was founded in 1992 and is a not-for-profit organization that provides services at no cost to children in Davidson County who have experienced sexual or severe physical abuse. The agency was formed for the purpose of engaging in activities that offer comfort, hope and strength to abused children and their families, that provide a safe child-friendly environment for coordination and monitoring of professional and support services, and that promote the child’s safety and well-being. Per the agency’s website, its mission is “to reduce the trauma of child abuse victims and their families by facilitating a comprehensive multidisciplinary team approach to detection, investigation, prosecution and treatment of child abuse.”

OBJECTIVES, SCOPE AND METHODOLOGY

The objectives of our review were:

- 1) To determine whether the agency had the resources and capacity to administer the grant funds.
- 2) To determine if costs and services were allowable and eligible.
- 3) To verify that program objectives were 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 March 01, 2020 through December 30, 2021.

The monitoring review procedures included meeting with agency management and staff, 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 resolution L-4931. 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

SUMMARY OF RESULTS

Criteria	Yes	No
Sufficient Resources and Capacity to Administer Funds?	✓	
Costs and Services Allowable and Eligible?	✓	
Program Objectives Met?	✓	
Reporting Requirements Met?	✓	
Compliance with Civil Rights Requirements?	✓	

RESULTS OF REVIEW

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 and the qualifications of the individuals assigned to manage the accounting records indicate that the agency possesses the necessary resources and professional 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 2 CFR Part 200: *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Additionally, the Metro Grants Manual requires separate accounting of the Metropolitan Nashville Government grant funds to prevent co-mingling of Metro Funds with other sources of funding. The agency was in compliance with this requirement. Different revenue classes as well as expenditure classes have been established to separately track the sources and amounts of funding. Also, the agency can easily and accurately report their expenses supported by the Metro grant.

Based on our test work, costs and services during the grant period were allowable and eligible therefore, the agency was in compliance with the contractual budget requirement.

RESULTS OF REVIEW

3. Program and Performance Objectives

The contract stipulates that the funds will aid the Nashville Children's Alliance in providing support to meet children and families' emergent financial needs throughout the COVID-19 pandemic. The funds will aid NCA in providing preventative services by reducing the stressors for caregivers and therefore reducing the chronic stress that affects the development of the growing child's brain.

Based on our review of program documentation and discussions with staff, the program performance objectives were met, and agency was 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 report of a final expenditures report, no more than 45 days after the close of the contract.

We reviewed all applicable financial reports required by the contract, including audited financial statements. Based on our review, the agency complied with the financial reporting requirements.

5. 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. The agency has not received any complaints regarding any form of discrimination. Further, civil rights and ADA postings are publicly displayed.

1. Appearance of Conflict of Interest

Observation

During the review, the OFA noted that the Director of the Office of Family Safety and Metro's Director of Performance Management both serve on the Nashville Children's Alliance's Board of Directors; thereby, creating the appearance of a potential conflict of interest. It was noted that the Director of the Office of Family Safety disclosed their NCA board position on their annual disclosure statements for the year ending December 31, 2021 on file within the Metro Clerk's Office as required; however, it was also noted that Metro's Director of Performance Management did not disclose this information. In accordance with Appendix 1 to the Civil Service Rules of Metropolitan Government, Subject: Financial and other disclosures by certain Metropolitan Government employees and officials; ethics, conflicts of interest, and acceptance of gifts on the part of employees of Metropolitan Government, Section 2 II it states *"the avoidance of misconducts and conflicts of interest on the part of the employees of the Metropolitan Government is indispensable to the maintenance of these standards."* It further states under Employee responsibilities, *"each employee of the Metropolitan Government shall avoid any action, whether or not specifically prohibited by this order, departmental codes of ethics, or Metro Code of Laws Section 2.22.020, which might result in, or create the appearance of: d. losing complete independence or impartiality; and f. affecting adversely the confidence of the public in the integrity of the Metropolitan Government."*

Recommendation

The Nashville Children's Alliance, Inc. should take the necessary actions to ensure that board members disclose any conflicts of interest, abstain from discussion and abstain from voting on any action for which the board member may have a conflict in order to eliminate any conflict of interest or any appearance of a conflict of interest.

Employees of the Metropolitan Government should take the necessary steps to eliminate any appearance of a conflict of interest.

OBSERVATIONS AND RECOMMENDATIONS

Metro's Director of Performance Management should immediately amend their annual disclosure form to include all paid or unpaid positions for any for-profit entity, non-profit entity, labor group, or educational or other institution as required.

2. Office of Family Safety approved and processed payments without a fully executed grant contract.

Observation

The Office of Financial Accountability noted that the Office of Family Safety processed and paid Nashville Children's Alliance's reimbursement requests without a fully executed contract. Per section D.25 **Effective Date** of the grant contract, it states "*This contract will not be binding upon the parties until it has been signed by the Recipient and then by the authorized representatives of the Metropolitan Government and has been filed in the office of the Metropolitan Clerk. When it has been so signed and filed, this contract will be effective as of the date first written above.*" As a result, contract L-4931 was not effective until November 16, 2021 as indicated by the date and signature of the Metropolitan Clerk recorded on the grant's signature page.

Recommendation

The Office of Family Safety should develop a process to ensure that grant contracts are fully executed and are on file within the Metropolitan Clerk's Office prior to processing and paying grant reimbursement requests.

Corrective Action Plan Required

The Office of Family Safety should submit a corrective action plan indicating the actions the agency intends to take to correct the observation identified in this report. The corrective action plan should be addressed to the Office of Financial Accountability and submitted via email to kevin.brown@nashville.gov within 14 days from the report date.