

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY



March 18, 2016

Marlah Green – Board Chair
Jefferson Street United Merchants Partnership
1215 9th Avenue North, STE 201
Nashville, TN 37208

Dear Ms. Green:

Please find attached the monitoring report of the Jefferson Street United Merchants Partnership relating to the contract it had with the Metropolitan Government of Nashville and Davidson County for the fiscal year ending June 30, 2015.

The Office of Financial Accountability is charged with the responsibility of monitoring grant funds, including Direct Appropriations, from Metropolitan Nashville Government to any nonprofit organization. Staff from the Office of Financial Accountability conducted the review on January 14, 2016.

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, CICA
Finance Administrator

cc: Sharon Hurt, President/CEO, Jefferson Street United Merchants Partnership
Stephanie Harris, Jefferson Street United Merchants Partnership
Talia Lomax-O'dneal, Director of Finance
Gene Nolan, Deputy Director of Finance
Kim McDoniel, Chief of Accounts

Mark Swann, Internal Audit
Fred Adom, CPA, CGMA, CICA, Director, Office of Financial Accountability
Essie Robertson, CPA, CMFO, CICA, Office of Financial Accountability
Aaron Davis, CICA, Office of Financial Accountability



Metropolitan Government of Nashville and Davidson County

JEFFERSON STREET UNITED MERCHANTS PARTNERSHIP

◆ **Monitoring Report** ◆

Conducted by



Office of Financial Accountability

March 18, 2016

MONITORING REPORT

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INTRODUCTION

The Office of Financial Accountability (hereinafter referred to as “OFA”) has completed a monitoring review of Jefferson Street United Merchants Partnership. 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 Jefferson Street United Merchants Partnership 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 Enhancement 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 contract with Metro Government:

Contract	Type	Amount	Contact Term	
L-3270	Direct Appropriations	\$300,000	July 1, 2014	June 30, 2015

Agency Background

J.U.M.P. is a non-profit organization in existence since 1994 whose purpose is to create a framework for advancing Jefferson Street. The agency seeks to develop and foster cooperative economic development through revitalization, acquisition, education and public safety programs in North Nashville. Currently, they have over 111 individuals and organizations that participate in active membership, all focused on keeping Jefferson Street alive and thriving.

Additionally the Agency has been designated as a Community Development Corporations (CDC) and is a Certified Housing Development Organization (CHDO).

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.
- 6) To verify supporting documentation to account for the FY 2014 unearned grant revenue of \$18,876.05.

The scope of our review was limited to the contract term July 1, 2014 through June 30, 2015.

The monitoring review procedures included meeting with agency management and staff, 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 contract L-3270. 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 not in compliance with this requirement. The agency had established different revenue classes to account for the revenue; however, the agency failed to account for the different program expenditures by class. As a result, the agency could not easily and accurately report their expenses supported by the Metro Appropriation.

Based on our test work, the Jefferson Street United Merchants Partnership did not incur enough allowable and eligible expenses to fully earn the grant funds. See Finding #1 in the Finding and Recommendation section.

3. Program and Performance Objectives

The contract stipulates that the agency shall use the funds to assist and connect individuals who have construction related job skills to job opportunities and promote professional development, job training to those individuals and give direct access to contractors with the following outcomes:

RESULTS OF REVIEW

- 1) Serve as a clearinghouse of applications for construction and hospitality jobs for at least 2,000 individuals in pockets of poverty in Nashville.
- 2) Clean at least 25 blocks annually, (3rd Avenue North to 28th Avenue North); up to 2x per week; as evidenced by scheduled and recorded time schedules and before and after pictures; and pictures of collected number bags of trash. (Daily, weekly, or monthly).
- 3) Conduct an annual de-weeding of weeds in sidewalks throughout the corridor, along Jefferson Street, beginning at Rosa Parks and continuing through 28th Avenue North, throughout the Gateway to Heritage, and the Jubilee Bridge, located next to Fisk University on D.B. Todd Boulevard; as evidenced by quarterly maintenance surveys completed by Jefferson Street merchants.
- 4) Mow and trim flowers and brushes 2 times per month from May to August (during busy season), and transitioning to once per month or bimonthly in off season, as evidenced by before and after pictures.
- 5) Install seasonal decorations, i.e., TSU Homecoming, Christmas Lights, flower baskets on at least 25 percent of the existing light poles as evidenced by applications with Metro Public Works for permits to hang baskets, lights and/or banners.

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

We reviewed all applicable financial and programmatic reports required by the contract, including audited financial statements. Based on our review, the agency was not in compliance with all financial and programmatic reporting requirements. See Finding #2 in the Finding and Recommendation section.

RESULTS OF REVIEW

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.

FINDINGS AND RECOMMENDATIONS

1. Failed to Fully Earn the Grant Funds

Finding

As cited in the FY 2014 monitoring report, the Jefferson Street United Merchants Partnership again did not incur enough allowable and eligible expenses to fully earn the FY 2015 grant funds. The Jefferson Street United Merchants Partnership had unearned grant revenue totaling \$18,876.05 in its possession as of June 30, 2014 from grant award L-3050. In FY 2015, the JUMP received an additional \$300,000 under grant award L-3270. The agency received the entire grant award in one lump sum payment after the grant contract was executed. Therefore the JUMP had a total of \$318,876.05 in total grant revenue from the Metropolitan Government of Nashville and Davidson County to expend during the grant period of July 1, 2015 through June 30, 2015.

Our review of the agency's financial records indicated the JUMP did not incur enough allowable and eligible expenses to fully earn the grant funds. Per C.2 of the grant contract, "the recipient will only be compensated for actual costs based upon the Grant Spending Plan, not to exceed the maximum liability established in Section C.1. Payment to the recipient shall be a lump sum made upon the approval of this Grant Contract and upon submission of an approved invoice and any supporting documentation as requested by Metro to demonstrate that the funds are used as required by this Grant."

The OFA review of the agency's financial statements, expenditures and supporting documentation for funded grant, indicates the agency still has \$57,864.23 in grant revenue for which it had not earned as of June 30, 2015. The following table details the unearned revenue:

Description	Amount
FY 2015 Grant Funds Received	\$300,000.00
Unearned FY 2014 Grant Funds as of June 30, 2014	\$18,876.05
Total Grant Funds available to the agency to expend during FY 2015	\$318,876.05
Total Allowable and Eligible expenditures	\$261,011.82

FINDINGS AND RECOMMENDATIONS

Unearned Grant Funds as of June 30, 2015	\$57,864.23
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Recommendation:

The Jefferson Street United Merchants Partnership should take the necessary steps to resolve the outstanding unearned grant balance of \$57,864.23 as of June 30, 2015. Those funds are due to Metropolitan Government of Nashville and Davidson County immediately, if unresolved. The agency should also implement a procedure of reconciling its grant revenues and grant expenses at the end of the year.

2. Failed to Accurately Report Grant Expenditures

Finding

The Jefferson Street United Merchants Partnership failed to accurately report its grant expenditures on its final expenditure report to the Division of Grants Coordination. The agency reported fully expending the grant funds; however, as stated in Finding #1, the agency possesses unearned grant revenue as of June 30, 2015. As a result of the agency comingling of grant funds within the accounting system with other funds, the agency was unable to accurately track or report its grant expenditures. Per the Metro Grants Manual under Chapter 3: Standards for Financial Management, "Each grantee's accounting system should provide for and/or allow the following features, at a minimum: Grant funds should not be commingled with other sources of funds." The accounting system that the agency utilizes has the capability to prevent funds from being commingled; however, the agency failed to establish classes to accurately track revenue and expenditures by program. As a result, the Jefferson Street United Merchants Partnership overstated their grant expenditures.

Recommendation

The Jefferson Street United Merchants Partnership should take the necessary steps to establish program classes within the accounting system in order to properly segregate and account for the grant revenue and expenditures. The agency should take the necessary steps to ensure that information provided in their final

FINDINGS AND RECOMMENDATIONS

expenditure reports is accurate and easily traceable to their general ledger. The agency should also implement a procedure of reconciling its grant revenues and grant expenses at the end of the year.

Corrective Action Plan Required

Please submit a corrective action plan indicating the actions the agency intends to take to correct the findings identified in this report. The corrective action plan should be submitted within 14 days from the report date to the address below:

Division of Grants Coordination
PO Box 196300
Nashville, TN 37219
ATTN: Vaughn Wilson