

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY



November 20, 2019

Chris Sabis, Co-Board Chair
Carnell Elliott, Co-Board Chair
STARS Nashville
1704 Charlotte Avenue, Suite 200
Nashville, TN 37203

Dear Co-Board Chairs:

Please find attached the monitoring report of the STARS Nashville relating to the contract it had with the Metropolitan Government of Nashville and Davidson County for the fiscal year ending June 30, 2019.

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 conducted the review on October 4, 2019.

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, CMFO, CICA, CFE
Finance Manager

cc: Rodger Dinwiddie, Chief Executive Officer, STARS Nashville
Cynthia Whetstone, Chief Financial Officer, STARS Nashville
Kevin Crumbo, Director of Finance, Department of Finance

Judge Sheila D.J Calloway, Juvenile Court Judge
Jim Swack, Juvenile Court
Kathryn Sinback, Juvenile Court
Shelley Hudson, Juvenile Court
Talia Lomax-O'dneal, Deputy Director of Finance, Department of Finance
Kim McDoniel, Deputy Director of Finance, Department of Finance
Phil Carr, Chief of Accounts, Department of Finance
Chris Harmon, Budget Officer, Department of Finance
Gina Pruitt, Interim Metropolitan Auditor, Office of Internal Audit
Fred Adom, CPA, CGMA, CICA, Director, Office of Financial Accountability
Essie Robertson, CPA, CMFO, CICA, Office of Financial Accountability
Dolly Cook, CICA, Office of Financial Accountability
Nicole Whitlock, Office of Financial Accountability



Metropolitan Government of Nashville and Davidson County

STARS NASHVILLE

◆ Monitoring Report ◆

Conducted by



Office of Financial Accountability

November 20, 2019

MONITORING REPORT

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INTRODUCTION

The Office of Financial Accountability (hereinafter referred to as “OFA”) has completed a monitoring review of STARS Nashville. 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 STARS Nashville 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 contracts with Metro Government:

Contract	Type	Amount	Contact Term	
L-4084 (A-38839)	Community Partnership Funds	\$50,000	July 1, 2018	June 30, 2019

Agency Background

STARS Nashville is a nonprofit organization and exists to support young people in overcoming social and emotional barriers through creative and innovative programs centering on prevention, intervention, treatment, training and compassion. In 2011, STARS adopted three programs of the former Alcohol & Drug Council of Middle Tennessee: Youth Overcoming Drug Abuse (YODA), Recovery Support Services

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 July 1, 2018 through June 30, 2019.

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 contract L-4084. 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 period were allowable and eligible. However, it was noted that the STARS Nashville received funding in excess of their grant contract. See finding #1 in the Findings and Recommendations section for more details.

3. Program and Performance Objectives

The Community Partnership Fund contract stipulated that the agency shall use the funds to provide the following outcomes:

RESULTS OF REVIEW

1. Youth who complete the program will show a reduction in the rate of re-offenses with Juvenile Court.
2. Youth who complete the program will have increased connection to people, places and experiences that support healthy development.
3. Youth who complete the program will show an increase in cognitive skills and knowledge related to healthy alternatives.

Based on our review of program documentation and discussions with staff, program performance objectives were met and the 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 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 complied with all financial and programmatic 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.

FINDINGS AND RECOMMENDATIONS

1. STARS Nashville Received Payment of Unearned Grant Funds

Finding

The STARS Nashville received payments in excess of the grant contract which resulted in the STARS Nashville being in possession of unearned grant funding. The Juvenile Court incorrectly processed and approved payment to the STARS Nashville for the wrong amount on their last invoice. It was noted that the invoice from STARS Nashville to the Juvenile Court was for \$14,540.13 which represented the correct amount of grant funds the agency had earned; however, the Juvenile Court processed the payment to the STARS Nashville for the entire \$50,000.00 grant contract. As a result, the STARS Nashville received a total of \$81,053.14 from the Juvenile Court which resulted in an overpayment of \$35,459.87.

Recommendation

The STARS Nashville should immediately refund the \$35,459.87 to Metro.

The Juvenile Court needs to improve its oversight and administration of the Community Partnership grant funds. Further, Juvenile Court should ensure that all invoices received are reviewed and correctly vouchered before they are approved for payment.

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:

Metro Davidson County Juvenile Court
100 Woodland Street
P.O. Box 196306
Nashville, TN 37219-6306
Attn: Shelley Hudson