

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY



April 29, 2020

Delfine Fox, Board Chair
Tennessee Latin American Chamber of Commerce
5560 Franklin Pike Circle
Brentwood, TN 37027

Dear Ms. Fox:

Please find attached the monitoring report of the Tennessee Latin American Chamber of Commerce 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 Direct Appropriations from Metropolitan Nashville Government to any nonprofit organization. Staff from the Office of Financial Accountability conducted the review on March 31, 2020.

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: Victor Berrios, President, TNLACC
Jessie Knowles, Executive Director, TNLACC
Kevin Crumbo, Director, Department of Finance
Talia Lomax-O'dneal, Deputy Director, Department of Finance

OFFICE OF FINANCIAL ACCOUNTABILITY

Kim McDoniel, Deputy Director, Department of Finance
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Essie Robertson, CPA, CMFO, CICA, Office of Financial Accountability
Dolly Cook, CICA, Office of Financial Accountability
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Metropolitan Government of Nashville and Davidson County

TENNESSEE LATIN AMERICAN CHAMBER OF COMMERCE

◆ Monitoring Report ◆

Conducted by



Office of Financial Accountability

April 29, 2020

MONITORING REPORT

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INTRODUCTION

The Office of Financial Accountability (hereinafter referred to as “OFA”) has completed a monitoring review of Tennessee Latin American Chamber of Commerce. 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 Tennessee Latin American Chamber of Commerce 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 Direct Appropriation 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	Contract Term	
L-4150	Direct Appropriation	\$25,000	July 1, 2018	June 30, 2019

Agency Background

The Tennessee Latin American Chamber (TLACC) is a Not-for-Profit organization founded in 1999 in Nashville. TLACC provides its members with the leadership and support required to create opportunities for Latino- owned businesses, Latino professionals, and students. TLACC also engages in collaborations and alliances to advance achievement in education, healthcare, and business development in the Latino communities in Tennessee. According to their website, TLACC has established alliances with the following organizations; the Hispanic Chamber of East Tennessee based in Knoxville, the Hispanic Business Alliance of North Alabama based in Huntsville, the Mid-South Latino Chamber of Commerce based in Memphis, and FUTURO, Inc based in Nashville.

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-4150. 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 the core compliance areas identified by 2 CFR Part 200: *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

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, the agency incurred costs and services during the period which were not allowable or eligible for reimbursement. See Finding #1 in the Findings and Recommendation section for additional details.

3. Program and Performance Objectives

The contract stipulates that the agency shall use the funds to achieve the following outcomes:

RESULTS OF REVIEW

1. Will reach out to at least 60 Latino-owned businesses to schedule and conduct at least 30 one-on-one meetings with TN Latin Chamber of Commerce (TLACC) members and prospective members to help them become MBE certified and register with Metropolitan Government of Nashville and Davidson County.
2. Will produce an animated video in Spanish and English to be posted on TLACC's YouTube channel, website, and social media channels to show citizens the opportunity of becoming a vendor of the Metropolitan Government of Nashville and Davidson County.
3. Survey our minority-owned and small-business owners (35 members) that are TLACC members and provide a report including, industries, size (employment), years of operation, location, gross revenue, registrations and certifications, contracts and subcontracts with Metro to report barriers to growth and access to business support.

Based on our review of program documentation and discussions with staff, the program performance objectives were not met, and the agency was not in compliance with contractual program objectives. See Finding #2 in the Findings and Recommendation section for additional details.

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.

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.

1. Incurred Questioned Cost Due to Appearance of Conflict of Interests

Finding

The Tennessee Latin American Chamber of Commerce incurred questioned cost based upon the appearance of a conflict of interest that was identified between the leadership of the TLACC and the ownership of its subcontractor, the Culture Shift Team. On January 9, 2019, the TLACC entered into a subcontract with the Culture Shift Team to “develop a project plan that would enable TLACC to perform all services required under the 2018 Metro Grant, including those required by item A.1 of the 2018 Metro Grant.” It was noted that the contract was signed by only one of the Cultural Shift Team’s three partners and the TLACC’s new president, whose term began January 1, 2019.

On December 19, 2018, the former President and Board Chair of the TLACC sought Metro’s approval to enter into a subcontract as a result of clause D.4 of the grant contract which stated, “the recipient may not assign this grant contract or enter into a subcontract for any of the services performed under this grant contract without obtaining the prior written approval of Metro”. It was noted that the email, seeking Metro’s approval of the subcontract, failed to disclose the details of the sub-contracted organization.

During the course of the review, the OFA discovered that the TLACC’s former President and Board Chair, who signed the direct appropriation grant and sent email seeking Metro’s approval to subcontract, was also one of the three Culture Shift Team’s partners; thereby creating the appearance of a conflict of interest. The relationship creates the appearance of a situation where one would be in position to receive personal benefit, as a partner of Culture Shift Team, from actions or decisions made in their official capacity as President and Board Chair of the TLACC. It was noted that though the former President and Board Chair’s term, ended on 12/31/2018; she was appointed to the Board of Governors within a couple of months.

As a result, the OFA has determined the funds provided to the subcontractor, **\$21,306.25**, to be questioned costs. The following table provides the details of the invoices from the Culture Shift Team, which the TLACC utilized the direct appropriation grant funds to pay:

FINDINGS AND RECOMMENDATIONS

Organization	Invoice	Amount
Culture Shift Team	1084	\$ 3,125.00
Culture Shift Team	1086	\$ 3,125.00
Culture Shift Team	1092	\$ 3,125.00
Culture Shift Team	1093	\$ 5,525.00
Culture Shift Team	1094	\$ 3,281.25
Culture Shift Team	1131	\$ 3,125.00
Total Questioned Cost	-	\$ 21,306.25

Recommendation

The Tennessee Latin American Chamber of Commerce should:

- Immediately refund the questioned cost of \$21,306.25 to the Metropolitan Government of Nashville and Davidson County,
- Should eliminate the appearance of conflict of interest and ensure that cost incurred are allowable, necessary, and reasonable in operating the grant program.

2. Program and Performance Objectives Not Met

Finding

Tennessee Latin American Chamber of Commerce failed to meet two of the three agency's contractual program objectives. Per the scope of services, the agency failed to meet the following outcomes:

1. Will reach out to at least 60 Latino-owned businesses to schedule and conduct at least 30 one-on-one meetings with TN Latin Chamber of Commerce (TLACC) members and prospective members to help them become MBE certified and register with Metropolitan Government of Nashville and Davidson County.
2. Survey our minority-owned and small-business owners (35 members) that are TLACC members and provide a report including, industries, size (employment), years of operation, location, gross revenue, registrations and

FINDINGS AND RECOMMENDATIONS

certifications, contracts and subcontracts with Metro to report barriers to growth and access to business support.

Based upon the provided program documentation, and discussions with the staff, The TLACC only conducted 24 one-on-one meeting and only successfully surveyed 10 businesses.

Recommendation

Tennessee Latin American Chamber of Commerce should take the necessary steps to ensure that the program objectives are met. The management should also review the objectives to make sure they are reasonable and attainable.

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:

Office of Grants and Accountability
700 2nd Avenue South, Suite 201
P.O. Box 196300
Nashville, TN 37219-6300
Attn: Vaughn Wilson