



METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

March 15, 2021

Annie Youngblood, Board Chair
East Nashville Hope Exchange
419 Woodland St.
Nashville, TN 37206

Dear Ms. Youngblood:

Please find attached the monitoring report of East Nashville Hope Exchange relating to the contract it had with the Metropolitan Government of Nashville and Davidson County for the fiscal year ending June 30, 2020.

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 December 01, 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

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

cc: Ameshica Linsey, Executive Director, East Nashville Hope Exchange
Kevin Crumbo, Director, Department of Finance
Kent Oliver, Nashville Public Library
Susan Drye, Nashville Public Library

OFFICE OF FINANCIAL ACCOUNTABILITY

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Metropolitan Government of Nashville and Davidson County

EAST NASHVILLE HOPE EXCHANGE

◆ **Monitoring Report** ◆

Conducted by



Office of Financial Accountability

March 15, 2021

MONITORING REPORT

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INTRODUCTION

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

| Contract | Type | Amount | Contract Term | |
|-----------------|-----------------------------|---------------|----------------------|---------------|
| L-4326 | Community Partnership Funds | \$20,665 | July 1, 2019 | June 30, 2020 |

Agency Background

East Nashville Hope Exchange (ENHE) is a nonprofit organization with the mission of strengthening literacy of low-income at-risk children in East Nashville by providing a supportive, structured, and safe environment where children can learn and have fun. The program is aimed at developing and improving reading proficiency while working with the families to develop skills to help their children's literacy development.

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, 2019 through June 30, 2020.

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-4326. 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 is 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 Appropriation.

Based on our test work, costs and services during the period were allowable and eligible.

3. Program and Performance Objectives

The contract stipulates that the agency shall use the funds to strengthen the literacy of at-risk children in East Nashville by providing services to 100 students in grades K-4th to help them avoid summer learning loss through participation in the literacy program as well as maximizing the out-of-school time through summer program activities and year-round tutoring.

RESULTS OF REVIEW

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 #1 in the Findings and Recommendations section for additional details.

4. Reliability of Financial and Programmatic Reporting

Typically, the Community Partnership Fund grant contract would require the agency to submit to Metro a year-end report of the program outcomes and a final expenditures report, no more than 45 days after the close of the contract. However, the Metro department responsible for administering the literacy category of the grant program omitted the program reporting clause from the grant contract. Therefore, the review was limited to agency's annual expenditure report.

We reviewed all applicable financial reports required by the contract, including audited financial statements. Based on our review, the agency failed to comply with the financial reporting requirements. See finding #2 in the Findings and Recommendations Section of the report for more details.

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. Program Performance Goals Not Met

Finding

East Nashville Hope Exchange failed to meet the program objective as stated in the contract. Per the scope of services, the agency was “to provide services for up to 100 students grades K-4th to help them avoid summer learning loss through participation in the literacy program as well as maximizing the out-of-school time through summer program activities and year-round tutoring.” Based upon the program documentation provided and discussions with staff, only 56 students grades K-4th received services through the program not the required 100.

Recommendation

Management should take the necessary steps to ensure that program objectives are met and documentation to support program outcomes is maintained for review. Management should further review their objectives to make sure they are reasonable and attainable.

2. Reliability of Financial Reporting Not Met

Finding

East Nashville Hope Exchange failed to adhere to the reporting requirements as stated in the grant contract. Section C.3 of the grant contract states, “the recipient must submit a final grant annual expenditure report, to be received by Nashville Public Library, within 45 days of the end of the grant contract. Said report must be in form and substance acceptable to Metro and must be prepared by a Certified Public Accounting Firm or the Chief Financial Officer of the Recipient Organization.” East Nashville Hope Exchange submitted the final expenditure report on August 27, 2020; however, the final expenditure report was due no later than August 15, 2020.

Recommendation

Management should take the necessary steps to ensure that the required final Annual Expenditure Report is submitted to the Nashville Public Library within the required time frame.

FINDINGS AND RECOMMENDATIONS

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 addressed to the Nashville Public Library and submitted within 14 days from the report date, via email, to Susan Drye at susan.drye@nashville.gov. In addition, a copy of the corrective action will also need to be submitted to the Office of Financial Accountability, via email at kevin.brown@nashville.gov.