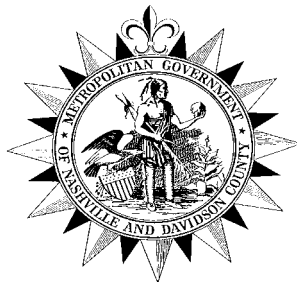


BILL PURCELL, MAYOR



METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DEPARTMENT OF FINANCE
OFFICE OF FINANCIAL ACCOUNTABILITY
222 THIRD AVENUE NORTH, SUITE 650
NASHVILLE, TENNESSEE 37201

June 5, 2006

Ms. Ann Roberts
Metro Historical Commission
300 Granny White Pike
Nashville, Tennessee 37203

Dear Ms. Roberts:

Please find attached the Grants Monitoring Report for the Metropolitan Historical Commission. This report explains the results of the monitoring review of the agency's federal and state grants and other financial assistance for the fiscal years ending through June 30, 2006. Staff from the Office of Financial Accountability conducted the fieldwork for this review on March 29, 2006.

We appreciate the cooperation and assistance provided us during the course of the review. We hope you find the results of the review useful for administering grants for the Metropolitan Historical Commission. If you have any questions, please call me at (615) 880-1035.

Sincerely,

Fred Adom, CPA
Director

cc: Terri Johnson, Historical Commission
David Manning, Director of Finance
Talia Lomax O'dneal, Deputy Director of Finance
Don Dodson, Director of Internal Audit
Kim McDoniel, Assistant Director of Finance
Bill Walker, Office of Financial Accountability



Metropolitan Government of Nashville and Davidson County

◆ Grant Monitoring Report of ◆

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Metropolitan Historical Commission

Issued by



Office of Financial Accountability

Fred Adom, CPA
Director

Bill Walker, CPA
Auditor

June 5, 2006

Our Vision: To be excellent and proficient in monitoring and management services.

**MONITORING REPORT
FOR
METROPOLITAN HISTORICAL COMMISSION**

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EXECUTIVE SUMMARY

The Office of Financial Accountability (hereinafter referred to as “OFA”) has completed a monitoring review of the Federal and State grants and contracts administered by Metro Historical Commission. The monitoring process included a review of those contracts in effect during the fiscal years through June 30, 2006. The OFA conducted its monitoring review along the major compliance areas identified in the Office of Management and Budget (OMB) Circular A-133, “Audits of States, Local Governments, and Non-Profit Organizations.” The review was performed in accordance with Generally Accepted Government Auditing Standards and in compliance with the OMB Circular A-87, “Cost Principles for State, Local and Indian Tribal Governments.”

OBJECTIVES, SCOPE, AND METHODOLOGY

A monitoring review is substantially less in scope than an audit. The OFA did not audit the financial statements for the Historical Commission and, accordingly, does not express an opinion or any assurances regarding the financial statements of Historical Commission or the Metropolitan Government of Nashville and Davidson County (hereinafter referred to as “Metro”). The OFA is responsible for the internal monitoring of Metro agencies that receive federal and state financial assistance, including cooperative agreements, and non-profit organizations that receive appropriations 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 overall monitoring objective was to determine the department’s compliance with grantor guidelines, rules, and regulations. Specifically, we reviewed for the following objectives:

- To determine whether the activities and costs of the programs are allowable under the program regulations and provisions of the grant agreement
- To determine whether costs reported under the grant program are consistent with provisions of grantor guidelines and OMB Circular A-87
- To determine whether civil rights requirements are met
- To determine whether minimum requirements for local matching contributions and/or adequate level of expenditures by other sources of funds are met
- To determine whether the department adheres to grantor guidelines for equipment purchases
- To determine whether grant funds were used exclusively during the period in which the funds were authorized
- To determine whether purchases were made in accordance with OMB Circular A-87, the minimum federal, state and local requirements, and grantor guidelines
- To determine whether grant financial reports are reliable and timely
- To determine whether Federal compliance requirements regarding subrecipient oversight were met and whether the subrecipient performed in accordance with the contract terms.

The methodology adopted by the OFA encompassed various interviews and an objective review of fiscal files, including:

- financial transactions and supporting documentation,
- contract agreements and related amendments,
- Federal and/or State financial reports, and
- Internal and external correspondence.

EXECUTIVE SUMMARY

DEPARTMENT OVERVIEW

The Historical Commission is the local governmental entity whose mission is to “preserve, protect, and document the history, historical places, buildings, and neighborhoods of Davidson County through education, technical assistance, and advocacy”. The commission has been serving the citizens of Nashville & Davidson County for 40 years, and consists of 15 commissioners who are appointed by the Mayor and confirmed by the Metro Council. The Historical Commission has a staff of 9 full time employees and has an operating budget for fiscal year 2006 of \$636,900.00.

The Historical Commission received one grant from the Department of Transportation for \$490,000.00 that covered the fiscal years 1999-2006. The grant required Metro to provide a 20% match. The purpose of the grant was to replace trees at the Hermitage destroyed by the 1998 tornado. The 1998 tornado destroyed over 1,200 trees that had screened the historic building from surrounding suburban and commercial intrusions along Highway 70. Some of these trees had been planted by President Andrew Jackson about 200 years ago. The storm also resulted in a significant loss of the canopy, wildlife habitat, and historic landscape materials.

The OFA noted that the Historical Commission sub-contracted the work of replacing these trees to The Hermitage. The Hermitage managed the project and, as costs were incurred, submitted expense reports along with supporting documentation to the Historical Commission. The Historical Commission reviewed the documentation and then submitted the information to the grantor. The OFA obtained and reviewed 100% of the expenditures and related expenditure reports submitted to the grantor. The OFA noted that all expenditures appeared to be reasonable and in adherence to the grant agreement.

OVERALL FINDINGS AND MAJOR REVIEW HIGHLIGHTS

Based on our review, the Historical Commission staff is very knowledgeable about the program requirements and appears to be in compliance with the grant requirements. Our review **did not** reveal any findings of non-compliance.