

**METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY**



August 9, 2013

Kent Oliver, Director  
Nashville Public Library  
615 Church St.  
Nashville, Tennessee 37219

Dear Mr. Oliver:

Please find attached the final monitoring report on a grant administered by the Nashville Public Library in the fiscal year 2013 that was randomly selected for review. You previously reviewed and responded to a preliminary report dated July 18, 2013. Your response to that report has been incorporated into this final report.

We appreciate the assistance provided by your department during the course of the review. If you have any questions, please call me at 615-880-1035.

Sincerely,

*Fred Adom*

Fred Adom, CPA, CGMA  
Director

cc: Chase Adams, Nashville Public Library  
Susan Drye, Nashville Public Library  
Richard M. Riebeling, Director of Finance  
Talia Lomax-O'dneal, Deputy Director of Finance  
Gene Nolan, Deputy Director of Finance  
Kim McDoniel, Chief of Accounts  
Mark Swann, Internal Audit  
Kevin Brown, Office of Financial Accountability  
Essie Robertson, Office of Financial Accountability  
Brad Thompson, Office of Financial Accountability



**Metropolitan Government of Nashville and Davidson County**

# **NASHVILLE PUBLIC LIBRARY**

## **◆ Monitoring Report ◆**

Conducted by



**Office of Financial Accountability**

August 9, 2013

# MONITORING REPORT

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## INTRODUCTION

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The Office of Financial Accountability (hereinafter referred to as “OFA”) has completed a monitoring review of the federal and state grant and contract administered by the Nashville Public Library. The monitoring process included a review of the contract in effect during the fiscal year ending June 30, 2013. The contract reviewed is listed in Appendix A. The OFA conducted the 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.” and in compliance with the OMB Circular A-87, “Cost Principles for State, Local and Indian Tribal Governments.”

### About the Library

The Nashville Public Library was established in 1898; it is committed to extending the benefits and joys of reading, lifelong learning, and discovery to all people through collections and services. The library provides a wide variety of services, programs, and materials to enhance knowledge and quality of life through 20 library branches, the Main Library and the Achieves. In FY11, over 4.2 million library materials were checked out.

### Grant Reviewed

The Nashville Public Library was awarded a \$155,000 from the Nashville Public Library Foundation to assist in the renovation of the Hillwood High School Library to reflect up-to-date services and materials. The funds were to be used to purchase materials and to cover expenses to renovate the space, including addition of new technology, furniture and space configurations.

## OBJECTIVES, SCOPE AND METHODOLOGY

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A monitoring review is substantially less in scope than an audit. The OFA did not audit the financial statements for the Nashville Public Library and, accordingly, does not express an opinion or any assurances regarding the financial statements of the Nashville Public Library 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 and Metro guidelines, policies, rules, and regulations. Specifically, we reviewed for the following objectives:

- To determine whether activities and costs of the program were made in accordance with OMB Circular A-87; the minimum federal, state and local requirements; and grantor guidelines.
- To determine whether the minimum requirements for local matching contributions and/or adequate level of expenditures by other sources of funds are met.
- To determine whether grant funds were used exclusively during the period in which the funds were authorized.
- To determine the reliability and timeliness of the financial and programmatic reporting.
- To determine whether federal compliance requirements regarding sub-recipient oversight were met and whether the sub-recipient performed in accordance with the contract terms.
- To determine whether civil rights requirements are met.
- To determine whether program objectives were met.
- To determine whether the various Metro regulations were followed.

The scope of the work included the grant listed in Appendix A. The grant period was April 1, 2012 through June 30, 2013. Although the review focused on this specific time period, certain analyses required the consideration of financial transactions outside of this time period.

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

- Financial transactions and supporting documentation
- Contract agreements and related amendments
- Federal and/or state financial reports
- Program reports and supporting documentation
- Correspondence between related parties.

## FINDINGS, RECOMMENDATIONS & MANAGEMENT'S RESPONSE

### Finding

#### 1. The Library Failed to Retain Full Amount of Earned Grant Revenue.

The Nashville Public Library failed to claim the amount of the grant revenues earned. The Nashville Public Library Foundation provided the Nashville Public Library grant funds prior to the Library expending any funds. Upon the completion of the project, the Library retained the amount of grant funds determined to be earned and refunded the remaining unused grant funds to the Library Foundation. Our review of 100% of the expenditures, recorded within the grant accounting records, revealed the Library failed to claim an additional \$2,201.08 of allowable and eligible expenditures during fiscal year ending 2012. The Library had overlooked those expenses in the grant reconciliation process at the completion of the grant project. As a result, the Library refunded more grant funds than what was required. See table below:

Grant Funds Claimed/Retained		\$37,037.04
Less: Computer Hardware <\$5000 (expenses)	(\$27,558.92)	
Less: Cont'b Capital Assets (expenses)	(\$25,405.17)	
Capital Asset (outside grant period)	\$13,725.97	
<b>Grant Fund Earned (Eligible Expenses)</b>		<b>(\$39,238.12)</b>
<b>Outstanding Grant Due From Grantor</b>		<b>(\$2,201.08)</b>

### Recommendation

The Nashville Public Library should take the necessary steps to claim all eligible and allowable expenditures associated with the grant program. The Library should also take the necessary steps to recoup the \$2,201.08 from the Nashville Public Library Foundation.

### Management's Response

The Library concurs with audit finding and recommendation. The Nashville Public Library Foundation agreed to pay for all eligible grant expenditures. The Library contacted the Foundation to relay the \$2,201.08 of eligible expenses were outstanding. The Foundation paid the remaining grant amount on July 18, 2013. The Library in turn accrued the revenue back to Fiscal Year 2012-2013 to properly close out the grant fund.

## **ADDITIONAL OBSERVATION**

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### **Observation**

The Nashville Public Library receives multiple contributions from the Nashville Public Library Foundation. The Office of Financial Accountability observed that the Library fails to consistently treat the contributions from the same grantor for similar purposes as grants. By definition, a grant is a form of funding that binds Metro to some conditions regarding the usage of said funding. Per the Metro Charter, all grant contracts must be approved by Risk Management, Legal, and the Director of Finance; and filed with the Metro Clerk. The Division of Grants Coordination, within the Finance Department, is responsible for coordinating the completion of the grant process by reviewing the contracts and forwarding the documents to the appropriate parties within Metro to obtain the required signatures (i.e. Risk Management, Legal, and the Director of Finance). The Nashville Public Library failed to submit some of the contributions from the Nashville Public Library Foundation to the Division of Grants Coordination for review and signatures of all required parties as required by Metro Charter. Amendments to the grants are required to go through the same approval process as the original grant contract. The following is a list of grants and/or amendments which were not submitted to the DGC in accordance with Metro's Grants Management Policies and Procedures:

- Special Collections Staff Grant
- Volunteer Services Grant
- Neighborhood Builders Grant

### **Recommendation**

The Nashville Public Library should ensure that all contributions from the Nashville Public Library Foundation that meets the definition of a grant are properly and consistently treated as such. In addition, the Public Library should ensure that all grants and/or amendments are submitted to the Division of Grants Coordination in accordance with Metro's Grants Management Policies and Procedures for proper approval.

## APPENDIX A

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Grant	Contract #	Grant Period		Award Amount	Findings
Limitless Libraries – Hillwood High School Library Renovation	RS2012-281	4/1/2012	6/30/2013	\$155,000	Yes