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MAYOR



METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

November 7, 2003

Jack McKenzie
TN Voices for Children/Nashville Sees
1315 8th Avenue South
Nashville, Tennessee 37203

Dear Mr. McKenzie:

Please find attached the Monitoring Report for TN Voices for Children. This report explains the results of the review of the grant contract with the Metropolitan Government of Nashville and Davidson County for the period ending February 29, 2004.

The Division of Grants Monitoring is responsible for monitoring any nonprofit organization that receives an appropriation from Metro Government. Our office is also responsible for monitoring the Federal and State grant to departments within the Metropolitan Government. Staff from our office conducted the on-site review on November 6, 2003.

We appreciate the assistance provided us by your agency during the course of the review. We hope you find the results useful for administering grants for the TN Voices for Children/Nashville SEES program(s). If you have any questions, please call me at (615) 880-1035.

Sincerely,

Fred Adom, CPA
Director

cc: Charlotte Bryson, Executive Director, TN Voices for Children/Nashville SEES
David Manning, Director of Finance
Nancy Whittemore, Assistant Director of Finance
Talia Lomax-O'neal, Assistant Director of Finance
Mitzi Martin, Assistant Director of Finance
Kim McDoniel, Internal Audit
Kevin Brown, Division of Grants Monitoring
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◆ Monitoring Report of ◆

TN Voices for Children

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Issued by



**Office of Support Services
Division of Grants Monitoring**

November 7, 2003

Fred Adom, CPA
Director

Kevin Brown
Bill Walker
Auditors

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

MONITORING REPORT
for
TN VOICES FOR CHILDREN

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OVERVIEW

The Division of Grants Monitoring (hereinafter referred to as “DGM”) has completed a monitoring review of the TN Voices for Children/Nashville SEES (hereinafter referred to as “TVC” or “agency”). The DGM is charged with the responsibility of monitoring any nonprofit organization that receives an appropriation from the Metropolitan Nashville and Davidson County government. The DGM is also responsible for monitoring the federal and state grants to departments within the Metropolitan Government of Nashville and Davidson County (hereinafter referred to as “Metro”). The DGM is also responsible for monitoring the Federal and State grants to all departments within Metro.

OVERVIEW OF THE AGENCY

TVC was established in 1986 as a not-for-profit organization committed to improving and expanding services related to the emotional and behavioral well being of children in Tennessee. The agency has established a program, Nashville Supports Early Education Staff (Nashville SEES), which is a substitute childcare teacher initiative that places quality, full-time substitute childcare teachers in Nashville Head Start programs, child care centers, and family childcare homes. The need for the Nashville SEES program developed from a shortage of qualified childcare and education staff. The purpose of the Nashville SEES program is to provide substitute teachers for childcare facilities to help accommodate staff needs while regular employees attend training classes.

OBJECTIVES, SCOPE, AND METHODOLOGY

A monitoring review is substantially less in scope than an audit. The DGM did not audit the TVC financial statements and, accordingly, does not express an opinion or any assurances regarding the financial statements of TVC. The DGM conducts its reviews in accordance with the Generally Accepted Governmental Auditing Standards. Our reviews also cover the core compliance areas identified by the Office of Management and Budget (OMB) Circular A-133, “Audits of States, Local Governments, and Non-Profit Organizations” and the OMB Circular A-122, “Cost Principles for Non-Profit Organizations.” The objectives for this review were:

- To determine whether the agency has the resources and capacity to administer the grant funds.
- To determine if costs and services are allowable and eligible.
- To determine whether program objectives are being met.
- To determine the reliability of the financial and programmatic reports.
- To determine the reliability of internal controls.
- To determine the agency’s contractual compliance.

The scope of the work included the financial transactions related to the \$100,000 Metro grant contract #L-701 for the period ending February 29, 2004. To accomplish our objectives of the monitoring review the DGM:

- Interviewed the officials responsible for the grant management, financial reporting, and accountability.
- Reviewed controls and supporting documentation of expenditures incurred for allowability, necessity and reasonableness.
- Reviewed operations and activities offered by the TVC and its compliance with the intended beneficiaries of the grant funds.
- Reviewed the financial stability of the TVC and its ability to continue to administer the grant program funded by Metro.
- Reviewed personnel files for the substitute teachers.
- Reviewed TVC contract files.
- Reviewed TVC invoices to the childcare facilities.
- Reviewed the financial records to verify the accuracy of the invoices submitted to Metro.

RESULTS OF MONITORING

The overall results of the monitoring review for the TVC are provided in this section. These results are based on the tests performed and include conclusions regarding the specific review objectives and, if applicable recommendations for improvement. The results of the monitoring are as follows:

1. Possess necessary resources and capacity to administer the grant funds

Our review of the agency's accounting system, the qualification of the individuals assigned to manage the accounting records, and other available resources, indicates that the TVC possesses the necessary resources and expertise to administer the grant funds. TVC uses the PeachTree accounting software and employs a full-time bookkeeper with several years of experience. Our review of the minutes indicates TVC has an active board of directors.

2. Allowable and eligible costs and services

The DGM reviews the agency's compliance with any specific requirements outlined in the grant contract. The contract between Metro and TVC for the period ending February 29, 2004, required TVC to use the grant funds to operate a program that will provide high quality, full-time substitute childcare teachers in Nashville area Head Start locations, child care centers and family childcare homes. Our review determined that TVC was in compliance with this requirement.

The Metro Grants Manual requires the separate accounting of the Metro grant funds. Based on our review the agency has complied with this requirement. The TVC has established different revenue and expenditure classes to allow for accurate tracking for grant funding. Also, the agency can easily and accurately report expenses supported by the Metro grant appropriation.

3. Program objectives being met

The contract between Metro and TVC requires TVC to provide "high quality, full-time substitute childcare teachers to the Nashville-area Head Start, childcare locations, and family childcare homes". Based on interviews with the agency's staff and our review of the board minutes, correspondence and other agency's documentation, TVC appears to have diligently strived to achieve this goal. The agency also sent letters and conducted meetings to inform the community of their services. Through these efforts, the agency has executed contracts with 16 childcare providers to provide substitute teachers when needed. The TVC has also provided training for some of the contracted childcare providers on an as needed demand-basis, but does not have regularly established schedule of training. **We encourage the agency to establish a standard training schedule, inform the childcare participants about this schedule, and discontinue providing the training on a demand-basis.**

4. Reliability of financial and programmatic reporting

According to the Metro contract, the TVC is required to submit to a final program report and a final expenditure report within 45 days after the close of the grant period, or August 15, 2003. Since the grant period had not yet ended as of our review date, the TVC had not submitted such reports, however, the DGM were able to trace 100 percent of the expenditures on their reported invoices to the accounting records.

5. Reliability of internal controls

The TVC appears to have proper segregation of duties and adequate controls. Our review of the TVC's operations did not reveal any weaknesses in internal controls.

RESULTS OF MONITORING

6. Contractual compliance

Based on our review of the TVC's operations, we found that the agency's operations generally benefit Metro residents as required in the contract. The TVC appears to be taking the necessary proper preparation to provide substitute teachers to Nashville-area Headstart and other childcare centers. With no other specific contractual requirements, further tests for contractual compliance were not conducted.

ADDITIONAL COMMENTS

The initial contract between TVC and Metro, executed January 29, 2003, was set to end on June 30, 2003. On June 26th, The TVC requested and was granted an amendment to extend the grant contract to February 29, 2004. The extension was necessary due to delays in both receiving a State grant to complement the Metro appropriation, and hiring and training staff. The TVC has since requested another contract extension to June 30, 2004 due to the agency's concerns for its ability to expend the grant funds by the end of the current contract period, February 29, 2004. Metro is currently in the process of amending the contract.

As mentioned previously in this report, the DGM has reviewed TVC attempts to recruit staff, and to confirm the reasons for the delay. The DGM also reviewed TVC's number of contracted childcare facilities and the number of substitutes provided to those contracted centers. The DGM was able to verify the reported expenditures for the Metro grant and review the supporting documentation without any discrepancies.

However, we encourage TVC to take all necessary actions to fully implement the program and fully expend the Metro grant funds by June 30, 2004. Failure to expend all Metro grant funds by June 30, 2004 will cause the remaining funds to be reverted to the Metro general fund.