

BILL PURCELL
MAYOR



METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

October 9, 2006

Ms. Natasha Metcalf, Board Chair
The Renewal House
P.O. Box 280356
Nashville, TN 37228-0356

Dear Ms. Metcalf:

Please find attached the Monitoring Report of the Renewal House relating to the contract it has with the Metropolitan Government of Nashville and Davidson County for the fiscal year ending June 30, 2006.

The Office of Financial Accountability (OFA) is charged with the responsibility of monitoring grant funds from Metropolitan Nashville Government to any nonprofit organizations. The OFA is also responsible for monitoring the federal and state grants to departments within the Metropolitan Nashville Government. Staff from the OFA conducted the review on August 28, 2006.

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

Sincerely,

Fred Adom

Fred Adom
Director

cc: Jude White, Director of Renewal House
David Manning, Director of Finance
Talia Lomax-O'dneal, Deputy Director of Finance
Kim McDoniel, Assistant to the Director of Finance
Don Dodson, Internal Audit
Bill Walker, Office of Financial Accountability



Metropolitan Government of Nashville and Davidson County

222 3rd Ave. N.
Suite 650
Nashville, TN 37201

615-862-6170 office
615-862-6175 fax

www.nashville.gov/finance

◆ Monitoring Report of ◆

The Renewal House



Issued by



Office of Financial Accountability

October 9, 2006

Fred Adom, CPA
Director

Bill Walker, CPA
Lead Auditor

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

Monitoring Report
for the
The Renewal House

Table of Contents

	Pages
Monitoring Objectives, Scope and Methodology	4
Results of Monitoring	5
Findings and Recommendations	7

OBJECTIVES, SCOPE AND METHODOLOGY

The Office of Financial Accountability (herein after referred to as OFA) is charged with the responsibility of monitoring grant funds from Metropolitan Nashville Government to nonprofit organizations, which receive direct appropriations from the Metropolitan Nashville and Davidson County government. The OFA is also responsible for monitoring the federal and state grants to departments within the Metropolitan Nashville Government.

We have completed a monitoring review of the Metropolitan Nashville Government grant to the Renewal House for the year ended June 30, 2006. 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 assurance regarding the financial statements of the Renewal House. Our objectives for this review were:

- 1) To determine whether the agency has the resources and capacity to administer the grant funds
- 2) To test if costs and service are allowable and eligible
- 3) To verify that program objectives are being met
- 4) To test the reliability of the financial and programmatic reporting
- 5) To test the reliability of internal controls
- 6) To verify contractual compliance

The review was limited to the Metropolitan Government of Nashville and Davidson County grant L-1418 in the amount of 17,000 to the Renewal House for the fiscal year ending June 30, 2006. The Renewal House provides participants with a very structured, comprehensive recovery program that incorporates drug free housing, case management and education/training programs. Participants are typically single mothers who have substance abuse addiction. The majority of participants are either homeless or living in poverty. One of the primary objectives of the program is to assist participants overcome their addiction while obtaining the necessary skills to become better parents and live a more stable, self reliant existence for both the mothers and their children. The Renewal House provides participants, particularly children, with a safe, stable, drug free environment where they can heal and grow. Each child receives a comprehensive physical, developmental and social history screening. At the end of the screening, A Parent Action Plan is written to address the specific needs of the child. Prior to the child leaving Renewal House, a discharge plan is issued which includes an emergency relapse plan. A copy of the plan is given to any social services or school representatives as designated by the mother.

The grant funds were to be used to provide long term residential recovery services to addicted mothers and their children. Specifically, the grant was intended to partially fund salaries for program staff in the amount of \$11,000 as well as insurance coverage for program facilities in the amount of \$6,000. During the grant term, the Renewal House provided supportive housing, case management, and education/training for 41 mothers and 53 children. During this period, 4 mothers gave birth and none of the infants required neonatal care. During the grant period, 12 participants completed the program and gained employment.

To accomplish our objectives of the monitoring review we:

- Interviewed the officials responsible for the grant management, financial reporting, and accountability.
- Reviewed controls and supporting documentation of expenditures for allowability, necessity and reasonableness of the costs incurred.
- Reviewed operations and activities offered by the Renewal House and its compliance with the intended beneficiaries of the grant funds.
- Reviewed the financial stability of the Renewal House and its ability to continue to administer the grant program funded by Metro.
- Reviewed the agencies General Ledger to verify the accuracy of the agency's invoices submitted to Metro.

RESULTS OF MONITORING

The overall results of the monitoring review for the Renewal House are provided in this section. The results are based on tests performed and include conclusions regarding the specific review objectives and, if applicable, recommendations for improvement and an action plan for implementing the conclusions. Where applicable, the Findings and Recommendations section of the report provides more insight into the problem identified in the results below.

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 Renewal House possesses the necessary resources and expertise to administer the grants funds. The agency's fiscal staff has several years of grant accounting experience. The OFA obtained and reviewed a copy of the agencies Board Minutes. The OFA noted that the Board of Directors met several times during the grant period and appeared to provide sufficient oversight to the agency.

2. Allowable and Eligible costs and services

The contract between Metropolitan Nashville Government and the Renewal House for the year ended June 30, 2006, required the Renewal House to use the grant funds to support staff salaries and the cost of insurance on agency facilities. Our review determined that the Renewal House was in compliance with this requirement.

The grants manual specifies for the separate accounting of the Metropolitan Nashville Government grant funds to prohibit co-mingling of the Metro Funds with other sources of funding. The agency is compliance with this requirement of the grants manual. The agency has established different revenue classes as well as expenditure classes, so the agency can accurately track the sources and amounts of their funding. Our review covered all of the core compliance areas identified by OMB Circular 133 Audit of States, Local Government, and Non-Profit Organizations.

3. Program objectives being met

The contract between Metropolitan Nashville Government and the Renewal House for the year ended June 30, 2006, required the Renewal House to use the grant funds to support staff salaries and the cost of insurance on agency facilities. During the grant term, the Renewal House provided supportive housing, case management, and education/training for 41 mothers and 53 children. During this time period, 4 mothers gave birth and none of the infants required neo-natal care. During the grant period, 12 participants completed the program and gained employment. Based on interviews with the Grantee's staff and the review of the agencies documentation, the Renewal House appears to be in compliance and program objectives are being met.

4. Reliability of financial and programmatic reporting

The contract called for submission of an annual audit report performed by a Certified Public Accountant. The Renewal House is required to submit to Metro reports of the program outcome and a final expenditures report 45 days after the close of the contract. Our review determined that the Renewal House was in compliance with this requirement. \

5. Reliability of internal controls

Our review of the internal controls of the Renewal House revealed that the agency appeared to be well managed and incorporate strong internal controls. The Board of Directors provides sufficient oversight and there appears to be adequate segregation of duties in the implementation of grant funds.

6. Civil rights requirements

Our review did not reveal anything to indicate that the Renewal House was not in compliance with civil rights requirements. The agency has not received any complaints regarding any form of discrimination and the agency has civil rights and ADA posting in public places. The Renewal House employee handbook addresses the agency's civil rights policy as well.