

BILL PURCELL
MAYOR



METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

May 10, 2006

Dot Berry
Human Resources Department
Metropolitan Government of Nashville and Davidson County
222 Third Avenue North
Nashville, TN 37201

Dear Dot Berry:

Please find attached the final Grants Monitoring Report for the Human Resources Department. The report explains the results of the monitoring review of the agency's federal and state grants and other financial assistance for the fiscal year ending June 30, 2005. Staff from the Office of Financial Accountability conducted the fieldwork for this review on December 14, 2005. You previously reviewed and responded to the finding. Your response has been incorporated in this final report in the section entitled "Management's Comments."

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 Human Resources Department. If you have any questions, please call me at (615) 880-1035.

Sincerely,

A handwritten signature in black ink, appearing to read "Fred Adom".

Fred Adom
Director

cc: David Manning, Director of Finance
Talia Lomax-O'dneal, Deputy Director of Finance
Kim McDoniel, Assistant to the Director of Finance
Don Dodson, Audit Manager
Kevin Brown, 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 ◆

Human Resources Department



Issued by



Office of Financial Accountability

May 10, 2006

Fred Adom, CPA
Director

Kevin Brown,
Lead Auditor

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

Monitoring Report
for the
Human Resources Department

Table of Contents

	Pages
EXECUTIVE SUMMARY	4
FINDINGS, RECOMMENDATIONS, AND MANAGEMENT'S RESPONSES	6
APPENDIX	8

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 the Human Resources Department (hereinafter referred to as “HR” or “department”). The monitoring process included a review of those contracts in effect during the fiscal year ending June 30, 2005. The contracts reviewed are listed in Appendix A. 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.”

Overview of the Department

The Human Resource mission is to provide information and support in the areas of training, compensation, benefits, and compliance with all local, state, and federal laws, rules and regulations for active and retired Metropolitan Government employees. The Human Resources four (4) lines of business include Information Resources, Strategic Consulting, Workforce Development, and Human Capital. During FY 05, the Human Resources operating budget was \$5,582,800 and had 66 FTEs (Full Time Equivalents).

The purpose of the Information Resources line of business is to provide strategic information products to Metro management, employees, retirees, and the public so they can make intelligent business decisions. The Information Resources line of business includes the following programs, Employee Information Management and Human Resources Communication.

The purpose of the Strategic Consulting line of business is to provide Human Resources Management Consultation, planning and implementation products to Metro Government so they can achieve the agreed upon predetermined results. The Strategic Consulting line of business includes the Program Consultation program.

The purpose of the Workforce Development line of business is to provide education and leadership development products to Metro departments so they can maintain an informed and high performing workforce. The Workforce Development line of business includes the following programs, Mandatory Training, Performance and Productivity Support, and Employee Education and Leadership Development.

The purpose of the Human Capital line of business is to provide pay, benefits and placement products to Metro departments so they can attract, retain and reward their workforce. The Human Capital line of business includes the following programs, Compensation Development and Administration, Career Opportunities and Staffing Services Management, and Benefits.

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 Human Resources Department and, accordingly, does not express an opinion or any assurances regarding the financial statements of HR 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 the 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 scope of the work included the grant from the University of Tennessee in the amount of \$6,000.00. The grant period was July 1, 2004 through June 30, 2005. 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 files, including:

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

Finding and Review Highlights

Based on our review, the staff from the Human Resources Department appeared to be very knowledgeable about the program requirements. The human resources staff appeared to work diligently towards compliance with grant requirements. Test revealed, however, minor deficiency in the agency’s compliance with reporting requirements that needs improvement. In the section that follows, the OFA identifies the following findings for the Human Resources Department:

1. The department needs to ensure the results reported to grantor are consistent with the grantor requirements.

FINDINGS AND RECOMMENDATIONS

1. **The department needs to ensure the results reported to grantor are consistent with grantor requirements**

FINDING

The Human Resources Department administered a University of Tennessee training grant program during the period reviewed. The HR department utilized the funding to supplement the costs of the Metro Management Institute classes. The Human Resources Department reported the number of participants served by the grant using the *number of participants who registered to attend* the training classes rather than the actual *number of participants who attended and benefited* from the training sessions. The OFA noted that grant funds were used to provide 33 different training sessions conducted during the grant period. During the grant period 1107 signed up for the classes but only 892 actually attended the classes. The HR reported the 1107 that signed up for the classes instead of the 892 that attended. The table below provides the detail:

Course	Date	Number Enrolled and Reported	Actual Number of Attendees	Variance
MMI-Leadership	7/13/2004	31	26	5
MMI-Leadership	7/20/2004	30	27	3
MMI-Leadership	7/27/2004	33	28	5
MMI-Diversity Awareness	7/28/2004	26	22	4
MMI-Diversity Awareness	8/11/2004	23	19	4
MMI-Communications	8/23/2004	11	11	0
MMI-Communications	10/5/2004	42	30	12
MMI-Communications	10/13/2004	19	19	0
MMI-Diversity Awareness	10/13/2004	40	33	7
MMI-Communications	10/19/2004	39	28	11
MMI-Communications	10/20/2004	40	31	9
MMI-Coaching & Counseling	11/11/2004	37	23	14
MMI-Leadership	11/17/2004	38	29	9
MMI-Coaching & Counseling	11/17/2004	41	33	8
MMI-Diversity Awareness	11/19/2004	41	30	11
MMI-Leadership	1/13/2005	34	30	4
MMI-Diversity Awareness	1/20/2005	18	30	-12
MMI-Leadership	1/20/2005	18	13	5
MMI-Leadership	1/27/2005	34	33	1
MMI-Diversity Awareness	2/17/2005	25	25	0
Time Management	3/2/2005	28	16	12
MMI-Communications	3/8/2005	40	36	4
MMI-Communications	3/15/2005	45	37	8
MMI-Diversity Awareness	3/18/2005	37	28	9
MMI-Communications	3/22/2005	41	28	13
MMI-Workplace Ethics & Acct.	4/6/2005	33	26	7
MMI-Diversity Awareness	4/27/2005	40	28	12
MMI-Coaching & Counseling	5/11/2005	41	32	9

MMI-Coaching & Counseling	5/18/2005	43	36	7
MMI-Diversity Awareness	5/20/2005	39	30	9
MMI-Coaching & Counseling	5/26/2005	42	31	11
Spanish	6/1/2005	20	17	3
MMI-Diversity Awareness	6/29/2005	38	27	11
Totals		1107	892	215

According to the grant contract, the contractor (Human Resources) is required to provide attendance figures for each course. The number reported to the grantor represented those who signed up to take the classes rather than those that actually participated. As a result of reporting the number of individuals that signed up for training rather than the number that actually attended the training sessions, the department overstated the attendance figures by 215. Failure to comply with specific grantor requirements could negatively impact the grant program and could potentially lead to questioned costs.

RECOMMENDATION

The Human Resources should ensure strict compliance with grantor requirements. The HR should take the necessary measures to ensure the number reported to the grantor is consistent with the grant reporting requirements.

MANAGEMENT'S COMMENTS

We concur with the findings that participants were reported based on those signing up and not actually attending. Future reporting will reflect actual attendees.

**APPENDIX A:
GRANTS REVIEWED FOR FY 2005**

According to the Division of Grants Coordination Grants Database, there was only one (1) active grant for the Human Resources Department for FY 05. The table below lists the grant reviewed:

FEDERAL & STATE GRANTS AND FINANCIAL ASSISTANCE						
Grantor	Grant	Contract Number	Grant Period		Grant Award	Finding
University of Tennessee	UT Metro Employee Training FY 05	N/A	7/1/2004	6/30/2005	\$6,000.00	Yes