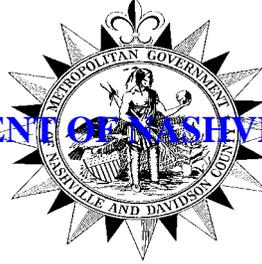


METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY



September 26, 2011

Jana Davis, Board Chair
Boys & Girls Clubs of Middle Tennessee
1704 Charlotte Ave. Suite 200
Nashville, TN 37203

Dear Ms. Davis:

Please find attached the Monitoring Report of the Boys & Girls Clubs of Middle Tennessee relating to the contract it had with the Metropolitan Government of Nashville and Davidson County for the fiscal year ending June 30, 2011.

The Office of Financial Accountability is charged with the responsibility of monitoring grant funds, including Community Enhancement Funds, from Metropolitan Nashville Government to any nonprofit organization. Staff from The Office of Financial Accountability conducted the review on September 7, 2011.

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, CPA
Director

cc: Dan Jernigan, President/CEO
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
Brad Thompson, Office of Financial Accountability



Metropolitan Government of Nashville and Davidson County

BOYS & GIRLS CLUBS OF MIDDLE TENNESSEE

◆ Monitoring Report ◆

Conducted by



Office of Financial Accountability

September 26, 2011

MONITORING REPORT

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INTRODUCTION

The Office of Financial Accountability (hereinafter referred to as “OFA”) has completed a monitoring review of Boys & Girls Clubs of Middle Tennessee. 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 assurances regarding the financial statements of Boys & Girls Clubs of Middle Tennessee. The OFA is responsible for the internal monitoring of Metropolitan Government of Nashville and Davidson County (hereinafter referred to as “Metro”) agencies that receive federal and state financial assistance, including cooperative agreements and non-profit organizations that receive appropriations and Community Enhancement Funds 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 purpose of this review was to assess the agency’s compliance with contractual requirements set forth in the following contract with Metro Government:

Contract	Type	Amount	Contact Term	
L-2499	Community Enhancement Funds	\$66,100	July 1, 2010	June 30, 2011

Agency Background

The Boys and Girls Clubs of Middle Tennessee, Inc. (the “Agency”) is a Boys & Girls Clubs of America affiliated organization providing services to at-risk children in the Middle Tennessee area. The agency consists of four club facilities, including two school sites (one in partnership with Metro Nashville Public Schools and one in partnership with the YMCA of Middle Tennessee). The goal of the agency is to inspire and enable all young people, especially those from disadvantaged circumstances, to realize their full potential as productive, responsible and caring citizens. Founded in 1903, the Agency strives to improve each child’s life by enhancing self-esteem and courage, and instilling positive values through educational programs.

OBJECTIVES, SCOPE AND METHODOLOGY

The objectives of our review were:

- 1) To determine whether the agency had the resources and capacity to administer the grant funds.
- 2) To determine if costs and services were allowable and eligible.
- 3) To verify that program objectives were met.
- 4) To test the reliability of the financial and programmatic reporting.
- 5) To verify contractual compliance.

The scope of our review was limited to the contract term July 1, 2010 through June 30, 2011.

Audit procedures included meeting with agency management and staff, reviewing the design of internal controls as a basis for establishing our testwork, reviewing board minutes and obtaining written representations from management. In addition, we examined certain financial records and supporting documentation necessary to ensure compliance with contractual requirements set forth in contract L-2499. Specific procedures included:

- Interviewing the employees responsible for grant management, financial reporting, and accountability.
- Reviewing supporting documentation of expenditures for allowability, necessity and reasonableness.
- Reviewing the agency's general ledger and verifying the accuracy of all invoices submitted to Metro.
- Reviewing documentation to determine that funds were used for intended beneficiaries and expended in accordance with the spending plan of the contract.
- Reviewing documentation to support program activities for consistency with grant requirements.
- Assessing the financial stability of the agency and its ability to continue to administer the grant program funded by Metro.

RESULTS OF REVIEW

SUMMARY OF RESULTS

Criteria	Yes	No
Sufficient Resources and Capacity to Administer Funds?	✓	
Costs and Services Allowable and Eligible?	✓	
Program Objectives Met?		✓
Reporting Requirements Met?	✓	
Sufficient Internal Control Environment?	✓	
Compliance with Civil Rights Requirements?	✓	

RESULTS OF REVIEW

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

1. Sufficient Resources and Capacity to Administer Grant Funds

Our review of the agency's accounting system and the qualifications of the individuals assigned to manage the accounting records indicate that the agency possesses the necessary resources and professional expertise to effectively administer the grant funds.

2. Allowable and Eligible Costs and Services

Our review covered all of the core compliance areas identified by OMB Circular A- 133: *Audit of States, Local Government, and Non-Profit Organizations*. Costs incurred by the agency complied with applicable guidelines stated in OMB Circular A-122.

Additionally, the Metro Grants Manual requires separate accounting of the Metropolitan Nashville Government grant funds to prevent co-mingling of Metro Funds with other sources of funding. The agency is in compliance with this requirement. Different revenue classes as well as expenditure classes have been established to separately track the sources and amounts of funding. Also, the agency can easily and accurately report their expenses supported by the Metro Appropriation.

Based on our test work, costs and services during the period were allowable and eligible.

3. Program and Performance Objectives

The contract stipulates that the agency shall use the funds to provide the following outcomes:

Of 350 youth ages 6-18 in the afterschool and summer program:

RESULTS OF REVIEW

1. 100% of members who attend 3 days per week will be promoted to the next grade level
2. 80 members per day will participate in homework assistance Monday-Thursday during the school year.
3. 90% of high school seniors who attend College Tour will graduate and be admitted to a post-secondary education program.

Based on our review of program documentation and discussions with staff, program performance objectives 1 and 3 were not met and the agency is not in compliance with contractual program objectives. Details are set forth in the Findings and Recommendations Sections.

4. Reliability of Financial and Programmatic Reporting

The contract requires submission of an annual audit report performed by a Certified Public Accountant. The contract also requires the agency to submit to Metro year end reports of the program outcome and a final expenditures report, no more than 45 days after the close of the contract.

We reviewed all applicable financial and programmatic reports required by the contract, including audited financial statements. Based on our review, the agency complied with all financial and programmatic reporting requirements.

5. Internal Control Environment

In order to determine the adequacy of the design of internal controls, we obtained and reviewed an independent auditor's report on internal control over financial reporting and/or a completed internal control questionnaire. This audit procedure was performed solely as a basis for determining our test work and to assist us in making suggestions for improvement to management.

Our review of the design of the agency's internal controls did not reveal any control deficiencies. Further, nothing came to our attention that would necessitate suggestions for improvement in internal control activities to management.

6. Civil Rights Requirements

Our review did not reveal anything to indicate that the agency was noncompliant with civil rights requirements. The agency also has necessary written policies and procedures relating to civil rights. The agency has not received any complaints regarding any form of discrimination. Further, civil rights and ADA postings are publicly displayed.

FINDINGS AND RECOMMENDATIONS

1. Program Performance Goals Not Met

Review of the results of the program activities reveal the agency failed to meet the program objectives set forth in the grant contract. The agency's contractual program objectives were as follows:

1. 100% of member who attend 3 days per week will be promoted to the next grade level.
2. 80 members per day will participate in homework assistance Monday - Thursday
3. 90% of high school seniors who attend College Tour will graduate and be admitted to a post-secondary education program.

Tests determined the program performance objectives 1 and 3 were not met. Based on review of the agency documentation:

1. Only 98.5% of members, who attended 3 days per week sessions, were promoted to the next grade level; and
3. Only 80% of high school seniors, who participated in the College Tour, graduated and was admitted to a post-secondary education program.

Recommendation:

The Performance measures determine the success of the grant program. Management should take all necessary measures to monitor and ensure the agency attains the performance objectives. Management should develop a plan to ensure program objectives will be attained in the future.

Corrective Action Plan Required

Please submit a corrective action plan indicating the actions the agency intends to take to correct the findings identified in this report. The corrective action plan should be submitted within 30 days from the report date to the address below:

Division of Grants Coordination
PO Box 196300
Nashville, TN 37219
ATTN: Director

FINDINGS AND RECOMMENDATIONS
