

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY



February 4, 2014

Marty Dickens, Board Chair
YMCA of Middle Tennessee
1000 Church Street
Nashville, TN 37203

Dear Mr. Dickens:

Please find attached the Monitoring Report of the YMCA of Middle Tennessee – The Bridge Program relating to the contract with the Metropolitan Government of Nashville and Davidson County for the fiscal year ending June 30, 2013.

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 26, 2013.

We appreciate the assistance provided by your agency during the course of the review. If you have any questions, please call me at 615-862-6712.

Sincerely,

Kevin Brown

Kevin Brown
Finance Administrator

cc: Peter Oldham, Interim Executive Director
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
Fred Adom, CPA, Director, Office of Financial Accountability
Essie Robertson, Office of Financial Accountability
Brad Thompson, Office of Financial Accountability



Metropolitan Government of Nashville and Davidson County

YMCA of Middle Tennessee The Bridge Program

◆ Monitoring Report ◆

Conducted by



Office of Financial Accountability

February 4, 2014

MONITORING REPORT

TABLE OF CONTENTS

INTRODUCTION	5
OBJECTIVES, SCOPE AND METHODOLOGY	6
RESULTS OF REVIEW	7
FINDINGS, RECOMMENDATIONS AND OBSERVATIONS.....	11

INTRODUCTION

The Office of Financial Accountability (hereinafter referred to as “OFA”) has completed a monitoring review of the YMCA of Middle Tennessee-The Bridge Program. 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 the YMCA of Middle Tennessee or any of its component units. 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-2858	Community Enhancement Funds	\$23,300	July 1, 2012	June 30, 2013

Agency Background

The Bridge Program is a separate non-profit entity; managed by a separate board of directors that operates within The YMCA of Middle of Tennessee offices in Nashville. The agency conducts an afterschool and summer academic enrichment program for East Nashville middle and high school students. Its mission is to build relationships that inspire young people to discover the value of learning.

The Bridge Program operates a six (6) weeks summer crossing over the end/beginning of Metro Government’s fiscal year including a weekly after school mentoring and tutoring program called Cultivating Collegians. The Bridge program offers academic courses, college tours, career counseling, community service, sports, art enrichments and public speaking. The YMCA serves as its fiscal agent that handles its accounting and financial statements preparation.

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, 2012 through June 30, 2013.

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-2858. 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. However, the YMCA of Middle Tennessee submitted a CEF grant application for which benefitted a program that was administered by different independent not for profit agency, The Bridge Program. See Finding #1 for additional details.

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 was 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 grant.

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

RESULTS OF REVIEW

3. Program and Performance Objectives

The contract stipulated that the agency shall use the funds for the Bridge program that will provide a summer program and additional field trips throughout the school year to at least 100 unduplicated rising 7th-10th grade students that will provide the following outcomes:

1. At least 80% of the students (80 out of 100) will attend at least 180 hours of academic enhancement, life skills, community service, recreation, and/or preparation for postsecondary activities in an intentional and compelling way. (Documented through daily attendance records.)
2. At least 80% (80 of 100) will demonstrate mastery of at least two reading comprehension strategies. (College students will implement weekly assessment checks to determine mastery of reading comprehension skills taught in class and recorded on a form weekly.)
3. Of the 90 eligible students who attended last summer, at least 74% (68 out of 90) will return. (Recorded with registration forms and attendance records.)

Based on our review of program documentation and discussions with staff, program performance objective #2 and #3 were not met and the agency was not in compliance with contractual program objectives. Please see Finding #2 for additional details.

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. We did not evaluate the operating effectiveness of internal controls over financial reporting.

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 controls over financial reporting.

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.

1. Failed to Adhere to Grantor CEF Grant Application Requirements

Tests and inquiries revealed The Bridge Program is a separate entity from the YMCA; with its unique 501c (3) designation from the IRS and a separate independent Board of Directors. On the YMCA FY 13 CEF application the Bridge Program was presented as a program of the YMCA. The YMCA merely serves as the fiscal agent that tracks and reports on the Bridge Program's finances. The Bridge Program, being a separate independent not-for-profit organization, should have submitted its own application, including its own audited financial report, separate from the YMCA.

Per the CEF grant program application requirements, Not-for-Profit agencies are prohibited from requesting beyond twenty percent (20%) of their most recent completed fiscal year's actual revenues. As a result of submitting a grant application that presented The Bridge Program as a YMCA program, the agency became eligible for grant funds beyond what it would have been eligible as a separate entity.

Recommendation

The OFA recommends The YMCA to cease from reporting The Bridge Program as a component of its operations on applications for the Community Enhancement Grant. The Bridge Program should present its independent credential and audited financial information for future CEF grant applications.

2. Program Objectives Not Met

The YMCA of Middle Tennessee (Bridge Program) failed to meet program objectives #2 and #3 as stated in the scope of services of the grant contract.

- Objective #2, states that at least at least 80% (80 of 100) will demonstrate mastery of at least two reading comprehension strategies. (College students will implement weekly assessment checks to determine mastery of reading comprehension skills taught in class and recorded on a form weekly.)

FINDINGS, RECOMMENDATIONS AND OBSERVATIONS

Documentation provided to auditor indicated only 70% of the students demonstrated at least two reading comprehension strategies.

- Objective #3, states of the 90 eligible students who attended last summer, at least 74% (68 out of 90) will return. (Recorded with registration forms and attendance records.) Documentation provided to auditor indicated only 70% (63 out of 90) eligible students who attended last summer of 2012, attended the 2013 summer program.

Recommendation

Information pertaining to program objectives in the Final Program Report should be based on attainable results and supported by written documentation. In addition in order to ensure their accurate reporting, management should review the feasibility of attaining the objectives prior to submission to the Metro Office of Grants Coordination.

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: Dennise Meyers