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MAYOR



METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

October 18, 2006

Mr. Sam Smith, Board Chair
The Continental Belles Track Club
P.O. Box 23094
Nashville, TN 37228-0356

Dear Smith:

Please find attached the Monitoring Report of the Continental Belles Track Club 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 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 September 11, 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: Carolyn Tucker, Continental Belles Track Club
David Manning, Director of Finance
Talia Lomax-O'dneal, Deputy Director of Finance
Kim McDoniel, Assistant to the Director of Finance
Don Dodson, Chief Internal Auditor
Bill Walker, Office of Financial Accountability



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◆ Monitoring Report of ◆

Continental Belles Track Club



Issued by



Office of Financial Accountability

October 18, 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 Continental Belles Track Club

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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 any nonprofit organizations, which receive 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 Continental Belles Track Club 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 Continental Belles Track Club. 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-1408 in the amount of 27,500.00 to the Continental Belles Track Club for the fiscal year ending June 30, 2006. The grant funds were to be expended to support the general operations of the agencies programs that are designed to create an "elite track program". The Continental Belles Track Club is a non-profit organization whose primary emphasis is track and field. The agency has a membership of around 70 participants. The OFA noted that participants in the program competed in several athletic events during the grant period such as the USATF XC Regional, the XC Junior Olympic National Championship, the Gingerbread Run, the Run for Life, the Oktoberfest, the Cricket Run and the Boulevard Bolt. The program promotes leadership, self discipline, and team work among its participants. The program's primary mission is to encourage youth to meet their full potential both socially and athletically.

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 Continental Belles Track Club and its compliance with the intended beneficiaries of the grant funds.
- Reviewed the financial stability of the Continental Belles Track Club 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 Continental Belles Track Club 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 Continental Belles Track Club possesses the necessary resources and expertise to administer the grants funds. The Continental Belles Track Club has 5 Board members. The OFA noted that the agency does not conduct formal board meetings or maintain Board minutes. According to agency staff, Board members do meet on a frequent and consistent basis. The OFA did note that all agency checks are reviewed and signed for by one of the Board members and that the frequency and volume of checks written supports that the Board is monitoring expenses. There is evidence to indicate that one of the board members is involved in the oversight of the agency. The OFA recommends that the agency conduct formal, periodic Board meetings and that Board minutes be maintained.

2. Allowable and Eligible costs and services

The contract between Metropolitan Nashville Government and the Continental Belles Track Club for the year ended June 30, 2006, required the Continental Belles Track Club to use the grant funds to support the general operations of the agency. Our review determined that the Continental Belles Track Club 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 in 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 Continental Belles Track Club for the year ended June 30, 2006, required the Continental Belles Track Club to use the grant funds to support the general operations of the agency. The Continental Belles Track Club is a non-profit organization whose primary emphasis is track and field. The agency has a membership of around 70 participants. The OFA noted that participants in the program competed in several athletic events during the grant period such as the USATF XC Regional, the XC Junior Olympic National Championship, the Gingerbread Run, the Run for Life, the Oktoberfest, the Cricket Run and the Boulevard Bolt, Based on interviews with the Grantee's staff and the review of the agency's documentation, the Continental Belles Track Club 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 Continental Belles Track Club 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 Continental Belles Track Club was in compliance with this requirement.

5. Reliability of internal controls

Our review of the internal controls of the Continental Belles Track Club revealed that the agency appeared to be well managed and incorporated strong internal controls. There is indication that one of the Board of Directors is involved in the oversight of the agency's expenditures and this, therefore, strengthens the segregation of duties in the implementation of grant funds.

6. Civil rights requirements

Our review did not reveal anything to indicate that the Continental Belles Track Club 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 postings in public places.

FINDINGS AND RECOMMENDATIONS

1. The Agency needs closer board oversight and involvement.

Finding

The agency was unable to produce adequate documentation or records outlining the board meetings held, board makeup or minutes of the Board of Directors Meetings. The Board of Directors of a nonprofit corporation is legally responsible for the conduct of the organization. The board governs the organization and has specific fiduciary responsibilities for which it must be accountable. Generally, board members of non profit organizations should not run the daily operations, but rather should develop the standards of organizational behavior and the financial controls necessary to ensure the integrity of the agencies operations. The board's role involvement should not be passive, but rather active for the good of the organization. The Continental Belle Track Club did not demonstrate adequate board involvement and oversight.

Recommendation

The Continental Belles Track Club should take steps to improve its internal controls. Such actions should include, but are not limited to, the following:

- The board of directors should meet regularly to discuss issues concerning the oversight of the agencies operations.
- The board should take active interest in the agency's operations and provide directions
- The board should make sure actions taken meet the required quorum.
- The board should record the minutes of the board of directors meetings, indicating the time and place for the meetings and the members in attendance along with detail information regarding any actions taken or not. Such records should be readily available for review.