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MAYOR



METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DEPARTMENT OF FINANCE
DIVISION OF GRANTS MONITORING
222 3RD AVENUE NORTH, SUITE 315
NASHVILLE TN 37201

May 13, 2003

Ms. Elise Steiner
Donelson Senior Citizen Center
108 Lebanon Road
Nashville, TN 37215

Dear Ms. Steiner:

Please find attached the Monitoring Report of the Donelson Senior Citizens Center. This report explains the results of our review of the grant contract with the Metropolitan Government of Nashville and Davidson County for the fiscal year ending June 30, 2003. The Division of Grants Monitoring is responsible for monitoring grant funds from Metro Government to any nonprofit organization that receives grant appropriations. Staff from our office conducted the on-site review on February 19, 2003.

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: Jane Schnelle, President, DSCC
Mike Jones, Accountant, DSCC
David Manning, Director of Finance
Nancy Whittemore, Assistant Director of Finance
Mitzi Martin, Division of Accounts
Kim McDoniel, Internal Audit
Mae Booker, Division of Grants Monitoring



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◆ Monitoring Report of ◆

Donelson Senior Citizens Center



Issued by



**Office of Support Services
Division of Grants Monitoring**

May 13, 2003

Fred Adom, CPA
Director

Mae Booker,
Lead Auditor

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

MONITORING REPORT
For
DONELSON SENIOR CITIZENS CENTER

TABLE OF CONTENTS

<u>SECTION</u>	<u>PAGE</u>
OBJECTIVES, SCOPE, AND METHODOLOGY	2
RESULTS OF MONITORING	3

OBJECTIVES, SCOPE AND METHODOLOGY

The Division of Grants Monitoring (hereinafter referred to as “DGM”) within the Metropolitan Government of Nashville and Davidson County (hereinafter referred to as “Metro”) is charged with the responsibility for monitoring the grant awards to all nonprofit organizations that receive a direct appropriation from Metro. The DGM is also responsible for monitoring the Federal and State grants to the various departments within the Metro Government.

The DGM has completed a monitoring review of the direct appropriation granted to the Donelson Senior Citizens Center (hereinafter referred to as “DSCC”). The purpose of the appropriation is to provide assistance for the renovation of an existing classroom into a health and fitness center for its members. The DSCC has not received funding from the Metro Government in previous years.

A monitoring review, which is substantially less in scope than an audit, does not involve an audit of the agency’s financial statements. Accordingly, the DGM does not express an opinion or any assurances regarding the financial statements of DSCC. The DGM conducts its reviews in accordance with the Generally Accepted Governmental Auditing Standards. Our review covers all of the core compliance areas identified by the Office of Management and Budget (OMB) Circular A-133, “Audits of States, Local Governments, and Non-Profit Organizations”, and in compliance with OMB Circular A-122, “Cost Principles for Non-Profit Organizations.”

The overall monitoring objectives were as follows:

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

The scope of our review included the Metro grant for the fiscal year ending June 30, 2003, contract #L-627 for \$25,000.

To perform a monitoring review, the DGM generally conducts site visits to review the necessary documentation and interview key staff of the agency. To accomplish our objectives for this review, the DGM obtained an understanding of the agency’s operations and records to support the request and use of the grant funds through the following:

- Interviewed the staff responsible for grant management, and financial reporting and oversight.
- Reviewed the agency’s operations, activities, controls, and supporting documentation for disbursements to evaluate compliance with intents of the grant.
- Reviewed the DSCC’s measures taken to ensure compliance with required Civil Rights and ADA regulations regarding the prohibition of discriminatory practices and accessibility of the services to employees and clients
- Reviewed the financial stability of the Donelson Senior Citizens Center and its ability to continue to administer the grant program
- Reviewed the reporting requirements imposed by Metro
- Toured the site of the renovation project.

RESULTS OF MONITORING

The overall results of the monitoring review for the DSCC are provided in this section. These results are based on tests performed and include conclusions regarding the specific review objectives and, if applicable, recommendations for improvement. The DGM issues **no findings** for this monitoring review of the DSCC. We did, however, identify weaknesses in the agency's operations and have noted actions that should be taken to improve these weaknesses.

1. Possess necessary resources and capacity to administer the grant funds

Our review of the agency's accounting system, the qualifications of the individuals assigned to manage the accounting records, and other available resources indicates that the DSCC possesses the necessary resources and expertise to administer the grant funds. We found that the agency uses the AccountMate accounting software to record financial transactions. We also noted that, although there is currently no Fiscal Director, an accountant and accounts payable clerks adequately perform the agency's fiscal functions. The current fiscal staff members have several years of experience in grant accounting. We reviewed the minutes for the Board of Directors meetings from July 1, 2002 through January 31, 2003 and found that the agency appears to have close Board oversight and active Board participation.

Further, it appears the agency has the necessary capacity to administer the grant funds. We noted that the DSCC has a positive cash flow and appears to be sufficiently solvent, based on our review of the DSCC's audited financial statements for the years ending June 30, 2001 and June 30, 2002.

2. Allowable and eligible costs and services

The contract between Metro and the DSCC for the year ended June 30, 2003 was for the renovation of an existing classroom into a health and fitness center for the agency's members. Since the DSCC has not submitted a request for reimbursement for monies expended for the renovation project as of the review date, the DGM could not specifically determine compliance with this requirement. We tested a sample of transactions relative to the renovation project, however, and found no improper costs.

We did note, however, that the agency does not have written policies and procedures in place to govern its operating practices. To ensure consistency in operations and direction for employees, the DGM's Metro Grants Manual requires that each grantee should "establish written policies and procedures to express management's position on all operational procedures such as accounting, purchasing, personnel, etc." As such, the DSCC should work to prepare and implement a comprehensive manual that documents operational policies and procedures.

The agency accounts for grant revenues separately; however, the grant expenditures were intermingled with the agency's general operations fund. We were, however, able to identify the expenditures incurred toward the grant in the general operating fund by the expense account. There were no discrepancies noted.

3. Program objectives being met

The contract between Metropolitan Nashville Government and the Donelson Senior Citizens Center, for the year ended June 30, 2003, is for the renovation of an existing classroom into a health and fitness center for its members. From the auditor's observations of the facility and the related invoices, no discrepancy was noted.

4. Reliability of financial and programmatic reporting

The DGM could not perform specific tests to determine the reliability of financial and programmatic reporting. As of our review date, no financial reports had been submitted to Metro's Division of Grants Coordination. These financial reports are the requests for reimbursement, or invoices. Since no tests were

RESULTS OF MONITORING

performed, we could not evaluate this objective. Our review of the contract also notes that the DSCC is required to submit a final expenditure report and a final program report within 45 days of the close of the grant period. Since the grant period had not closed as of our review date, the DGM could not determine compliance with these reporting requirements.

5. Reliability of internal controls

Our review of the DSCC revealed no weaknesses in internal controls. The agency has adequately segregated duties and the appropriate approval processes are in place. The internal control mechanisms allow for proper accounting and safeguarding of agency assets. We did note, however, that the agency does not have written policies and procedures in place to govern its operating practices. To ensure consistency in operations and direction for employees, the DGM's Metro Grants Manual requires that each grantee should "establish written policies and procedures to express management's position on all operational procedures such as accounting, purchasing, personnel, etc." As such, **the DSCC should work to prepare and implement a comprehensive manual that documents operational policies and procedures.**

6. Contractual compliance

The DGM found the agency in compliance with the contract requirements. The purpose of the grant is to provide assistance in the renovation of an existing storage room into a health and fitness center for DSCC members. Our tests of specific transactions revealed no instances of noncompliance.

The Metro contract also requires compliance with civil rights regulations. It further requires the agency to show proof and post notices of nondiscrimination. The DGM noted no specific instances of noncompliance with these contractual requirements. We identified the necessary nondiscrimination postings at the DSCC and observed that the agency's non-discrimination policy and the DSCC's employees' policy manual both address civil rights. According to agency officials, the DSCC manages complaints with a Title VI Coordinator, and the grievance committees for the agency and the center's members.