

BILL PURCELL
MAYOR



METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

January 8, 2007

Bonnie Spears, Board Chair
Nashville SEES
1300 Division Street, Suite 102
Nashville, TN 37204

Dear Ms Spears

Please find attached the Monitoring Report of the Nashville SEES 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 any 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 November 30, 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: Michelle Cochran, Director of Nashville SEES
David Manning, Director of Finance
Talia Lomax-O'dneal, Deputy Director of Finance
Kim McDoniel, Assistant to the Director of Finance
Don Dodson, Internal Audit
Bill Walker, Office of Financial Accountability



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◆ Monitoring Report of ◆

Nashville SEES



Issued by



Office of Financial Accountability

January 8, 2007

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
Nashville SEES

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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 Nashville SEES 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 Nashville SEES. 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-1529 in the amount of 50,000 to the Nashville SEES for the fiscal year ending June 30, 2006. Grant funds were to be used to fund full time, substitute teachers that provided coverage for absent daycare teachers in the Nashville. During the grant term, the agency staffed approximately 10 substitute teachers and served over 25 clients.

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 Nashville SEES and its compliance with the intended beneficiaries of the grant funds.
- Reviewed the financial stability of the Nashville SEES 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 Nashville SEES 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. There were no findings of non-compliance.

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 Nashville SEES possesses the necessary resources and expertise to administer the grants funds. The agency's fiscal staff has several years of grant accounting experience. The OFA obtained and reviewed a copy of the agency's Board Minutes. The OFA noted that the Board of Directors met several times during the grant period and appeared to provide sufficient oversight to the agency.

2. Allowable and eligible costs and services

The contract between Metropolitan Nashville Government and the Nashville SEES for the year ended June 30, 2006, required the Nashville SEES to use the grant funds to provide "high quality, full time, substitute teachers in the Nashville area" to cover for services provided by absent daycare workers. Our review determined that the Nashville SEES 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 Nashville SEES for the year ended June 30, 2006, required the Nashville SEES to use grant funds to provide high quality, full time, substitute teachers in the Nashville area. During the grant term, the agency staffed approximately 10 substitute teachers and served over 25 clients. The agency was in compliance with the program objectives.

4. Reliability of financial and programmatic reporting

The contract called for submission of an annual audit report performed by a Certified Public Accountant. The Nashville SEES is also required to submit to Metro reports of the program outcome and a final expenditures report 45 days after the close of the contract. The Grants Coordination Division of the Metropolitan Government of Nashville and Davidson County extended the term of the contract and consequently the date that these reports were due as of the time of our review.

5. Reliability of internal controls

Our review of the internal controls of the Nashville SEES revealed that the agency appeared to be well managed and incorporated strong internal controls. The Board of Directors provides sufficient oversight and there appears to be adequate segregation of duties in the implementation of grant funds.

6. Civil rights requirements

Our review did not reveal anything to indicate that the Nashville SEES was not in compliance with civil rights requirements. The Nashville SEES employee handbook addresses the agency's civil rights policy. The agency has not received any complaints regarding any form of discrimination and the agency has civil rights and ADA posting in public places.