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METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

March 2, 2005

Eric Beyer
Regional Transportation Authority
501 Union Street, 6th Floor
Nashville, TN 37219-1705

Dear Mr. Beyer

Please find attached the Monitoring Report of Regional Transportation Authority relating to the contracts it has with the Metropolitan Government of Nashville and Davidson County for the fiscal year ending June 30, 2004. The Office of Financial Accountability (OFA) is charged with the responsibility of monitoring grant funds from Metropolitan Nashville Government to nonprofit organizations, which receives appropriations from the Metropolitan Nashville and Davidson County government. 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 19, 2004.

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
Director

cc: Mary Ann Sparkman, Regional Transportation Authority
David Manning, Director of Finance
Talia Lomax-O'dneal Deputy Director of Finance
Mitzi Martin, Division of Accounts
Kim McDoniel, Internal Audit
Kevin Brown, Office of Financial Accountability



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◆ Monitoring Report of ◆

Regional Transportation Authority



Issued by



Office of Financial Accountability

March 2, 2005

Fred Adom, CPA
Director

Kevin Brown,
Lead Auditor

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

**Monitoring Report
For
Regional Transportation Authority**

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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 nonprofit organizations, which receive appropriations from the Metropolitan Nashville and Davidson County government. 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 grants to Regional Transportation Authority for the year ended June 30, 2004. A monitoring review is substantially less in scope than an audit. OFA did not audit the financial statements and accordingly, does not express an opinion or any assurance regarding the financial statements of Regional Transportation Authority. The Regional Transportation Authority (RTA) is a government-funded agency supported by member communities. Created in 1988, the RTA provides ridesharing opportunities in order to promote the economic growth of our membership and improve the air quality of our community. Led by a [board](#) of city and county mayors and community leaders, the RTA serves nine counties.

The 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
- 7) To verify that civil rights requirements are being met

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 to determine allowability, necessity and reasonableness of the costs incurred.
- Reviewed operations and activities offered by the Regional Transportation Authority and its compliance with the intended beneficiaries of the grant funds.
- Reviewed the financial stability of the Regional Transportation Authority and its ability to continue to administer the grant program funded by Metro.
- Reviewed the agencies General Ledger to verify the accuracy of the agencies invoices submitted to Metro.

Results of Monitoring

Our review did not reveal any findings of noncompliance. The Results of Monitoring section presents brief summaries of results of the testing performed including conclusions regarding the key objectives, recommendations for improvement and an action plan for implementing the conclusions. The results of the monitoring are listed 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, indicate that the Regional Transportation Authority possesses the necessary resources and expertise to administer the grants funds. The staff at Regional Transportation Authority has several years of accounting experience. The agency follows the state of Tennessee's accounting policies and uses System II--Accounting Systems software. The Regional Transportation Authority has a very active board of Directors that meets every third Wednesday of the month.

2. Allowable and Eligible costs and services

OFA normally reviews for the agency's compliance with any specific requirements outlined in the grant contract. The contract between Metropolitan Government of Nashville and Davidson County and Regional Transportation Authority, is for the Regional Transportation Authority to "operate a regularly scheduled transit service between Nashville/Davidson County and Murfreesboro". The contract requires the Regional Transportation Authority to submit a copy of their annual audited financial statements. Our review determined that Regional Transportation Authority was in compliance with this requirement.

The Metro Nashville Government grants manual specifies for a separate accounting of the Metropolitan Nashville Government grant funds or prohibit co-mingling of the Metro Funds with other sources of funding. While doing testing we noticed that Regional Transportation Authority's accounting system keeps the grant funds from various activities separated. As a result, we could segregate and account for the expenditures separately funded with Metro dollars. Our review covered all of the core areas compliance areas identified by OMB Circular 133 Audits of States, Local Governments, and Non-Profit Organizations.

3. Program objectives being met

The contract requires the Regional Transportation Authority to provide commuter bus service transportation between downtown Nashville and Rutherford County in conjunction with MTA each weekday. A portion of the grant funds, \$51,400, are designated to be used to meet local match requirement of the federal Job Access and Reverse Commute project. Our review determined that the Regional Transportation Authority 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. Additionally, the Regional Transportation Authority is required to submit program outcome and a final expenditures report to Metro within 45 days after the close of the contract. Our review determined that the Regional Transportation Authority was in compliance with this requirement.

5. Reliability of internal controls

Our review did not reveal any weakness in Regional Transportation Authority any weaknesses in their internal controls. The OFA noted the RTA received an unqualified opinion on their audit for the year ended June 30, 2003.

6. Contractual compliance

The contract required portion of the grant funds to be applied towards matching funds for a federal Job Access and Reverse Commute project grant administered by RTA”. Test revealed that the agency is in compliance with the terms of the grant.

7. Civil rights requirements

Our review did not reveal anything to indicate that Regional Transportation Authority was not in compliance with civil rights requirements. We noticed the necessary postings of the Non Discrimination Posters. Also the agency had a non-discrimination policy and an identified compliance officer for any complaints.