

BILL PURCELL
MAYOR



METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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

November 18, 2005

Bill Orange, Board Chair
Regional Transportation Authority
501 Union Street, 6th Floor
Nashville, TN 37219-1705

Dear Mr. Orange:

Please find attached the Monitoring Report of Regional Transportation Authority relating to the contract it had with the Metropolitan Government of Nashville and Davidson County for the fiscal year ending June 30, 2005.

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 October 28, 2005.

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: Bill Farquhar, Interim Executive Director, Regional Transportation Authority
Mary Ann Sparkman, Chief Financial Officer, Regional Transportation Authority
David Manning, Director of Finance
Talia Lomax-O'dneal Deputy Director of Finance
Kim McDoniel, Assistant Director of Finance
Don Dodson, Internal Audit
Kevin Brown, Office of Financial Accountability



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◆ Monitoring Report of ◆

Regional Transportation Authority



Issued by



Office of Financial Accountability

November 18, 2005

Fred Adom, CPA
Director

Kevin Brown,
Lead Auditor

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

Monitoring Report
for the
Regional Transportation Authority, Inc.

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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 Regional Transportation Authority for the year ended June 30, 2005. 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 Regional Transportation Authority. 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
- 7) To verify that civil rights requirements are being met

The RTA was created in 1988 to provide ridesharing opportunities to promote the economic growth and improve the air quality of the member communities. The RTA Board of Directors comprises of city and county mayors and community leaders of the nine member communities/counties.

This monitoring review was limited to the Metropolitan Government of Nashville and Davidson County grant L-1262 to the Regional Transportation Authority for the fiscal year ending June 30, 2005. The total amount of the grant to Regional Transportation Authority (RTA) was \$71,400.00. The RTA was to use \$20,000.00 of the grant funds to operate the Relax and Ride extension bus service between Davidson County and neighboring Rutherford County. The Relax and Ride service was provided under contract with Metropolitan Transit Authority (MTA) and served as a weekday commuter bus service providing transportation between downtown Nashville and the participating counties. The RTA was to use the remaining \$51,400.00 for the Job Access and Reverse Commute project. That service was contracted through MTA to support the MTA "Night Owl" service, which serves workers with non-traditional work schedules. 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 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 agency's 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 Regional Transportation Authority staffs have several years of grant 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

The contract between Metropolitan Government of Nashville and Davidson County and Regional Transportation Authority, is for the Regional Transportation Authority to "operate the Relax and Ride extension bus service between Davidson and neighboring Rutherford County as well as the Job Access and Reverse Commute project". Our review determined that Regional Transportation Authority 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 OFA confirmed that the Regional Transportation Authority's accounting system is in compliance with that requirement

3. Program objectives being met

The contract for the year ended June 30, 2005 called for the Regional Transportation Authority "to provide a weekday commuter bus service, in conjunction with MTA and to provide transportation between downtown Nashville and Rutherford County". "The remaining \$51,400 was to be used for the 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 RTA was required to submit to program outcomes 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 these requirements.

RESULTS OF MONITORING

5. Reliability of internal controls

Our review of Regional Transportation Authority' internal controls over grants management did not reveal any major weaknesses. The Board of Directors provides oversight and there appears to be adequate segregation of duties in the implementation of the grant funds.

6. Contractual compliance

The contract between Metropolitan Government of Nashville and Davidson County and Regional Transportation authority was for "a regularly scheduled transit service between Davidson and Rutherford Counties and for the Job Access and Reverse Commute project. Tests did not reveal any issues noncompliant 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. The OFA 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