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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 16, 2007

Doug Berry
Sister Cities of Nashville
1613 Otter Creek Rd
Nashville, TN 37219

Dear Mr. Berry:

Please find attached the Monitoring Report of the Sister Cities of Nashville 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 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: Gina Guglielmi, Executive Director
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
Kevin Brown, Office of Financial Accountability



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◆ Monitoring Report of ◆

Sister Cities of Nashville



Issued by



Office of Financial Accountability

January 16, 2007

Fred Adom, CPA
Director

Kevin Brown,
Lead Auditor

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

Monitoring Report
for the
Sister Cities of Nashville

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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 Sister Cities of Nashville 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 Sister Cities of Nashville. 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-1428 in the amount of \$40,000.00 to the Sister Cities of Nashville for the fiscal year ending June 30, 2006. Sister Cities of Nashville, founded in 1990, is a nonprofit organization dedicated to the promotion of global understanding through educational, professional and cultural exchanges. Currently, Sister Cities of Nashville has 4 official sister cities; Edmonton, Canada; Caen, France; Belfast, Northern Ireland; and Madeburg, Germany. 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 Sister Cities of Nashville and its compliance with the intended beneficiaries of the grant funds.
- Reviewed the financial stability of the Sister Cities of Nashville 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 Sister Cities of Nashville 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 Sister Cities of Nashville possesses the necessary resources and expertise to administer the grants funds. The agency has a few years of grant accounting experience. The agency uses QuickBooks accounting software. The Board of Directors is comprised of 24 members from different professional/community backgrounds and meets on a monthly basis.

2. Allowable and Eligible costs and services

The OFA normally reviews for the agency's compliance with any specific requirements outlined in the grant contract. The contract between Metropolitan Nashville Government and the Sister Cities of Nashville for the year ended June 30, 2006, required the Sister Cities of Nashville to use the grant funds to support its general operations. Specifically, the Sister Cities shall fund reciprocal exchange programs with Metro School Teachers and students in conjunction with the programs in Spain, France, Germany, Argentina, and Mexico. The grantee shall also support reciprocal professional exchanges between attorneys, teachers and public administrators." Our review determined that the Sister Cities of Nashville 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. 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. Also, the agency can easily and accurately report their expenses supported by the Metro Appropriation. Our review covered all of the core areas 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 Sister Cities of Nashville for the year ended June 30, 2006, stipulates that the Grantee is to provide "reciprocal exchange programs with Metro School teachers and students as well as professional exchanges with city officials, business and academic professionals." Based on interviews with the Grantee's staff and the review of the agencies documentation, the Sister Cities of Nashville appears to have diligently strived to achieve this goal.

4. Reliability of financial and programmatic reporting

The contract called for submission of an annual audit report performed by a Certified Public Accountant. The Sister Cities of Nashville 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 Sister Cities of Nashville was in compliance with this requirement.

RESULTS OF MONITORING

5. Reliability of internal controls

Our review of the internal controls of the Sister Cities of Nashville did not reveal any weaknesses in their internal controls. The agency's Board of Directors takes a very active role in the day-to-day operating decisions of the Sister Cities of Nashville. The Executive Director has to have approval from members of the Board of Directors before expenditures are made. The agency has adequate procedures in place to ensure the reliability of its internal controls.

6. Civil rights requirements

Our review did not reveal any indication that the Sister Cities of Nashville 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 posting in public places. The Sister Cities of Nashville's employee handbook addresses the agency's civil rights policy as well.