

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

November 11, 2006

Ms. Michelle Lee, Chairman
Ujima House
4004 Enchanted Way
Nashville, TN 37218

Dear Ms. Lee:

Please find attached the monitoring report of the Ujima House 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 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 August 31, 2006. Please review and respond with a corrective action plan as directed in the report.

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: Ervina Jarrett, Executive Director, Ujima House
David Manning, Director of Finance
Talia Lomax-O'dneal, Deputy Director of Finance
Kim McDoniel, Chief Accountant
Don Dodson, Internal Audit
Bryan Gleason, Office of Financial Accountability



Metropolitan Government of Nashville and Davidson County

222 3rd Ave. N.
Suite 650
Nashville, TN 37201

615-862-6170 office
615-862-6175 fax

www.nashville.gov/finance

◆ Monitoring Report of ◆

Ujima House



Issued by



Office of Financial Accountability

November 11, 2006

Fred Adom, CPA
Director

Bryan Gleason
Lead Auditor

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

Monitoring Report
for the
Ujima House

Table of Contents

	Pages
Objective, Scope, and Methodology	4
Results of Monitoring	5
Findings and Recommendations	6

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 Ujima House 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 Ujima House. 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-1402 in the amount of \$50,000 to the Ujima House for the fiscal year ending June 30, 2006. The Ujima House is a Domestic Violence Shelter, culturally sensitive to women of color. The Ujima House provide safe confidential place for all clients. The program consists of group counseling once a week; we provide transportation when it is need for the clients, food, clothing, and personal needs. The agency assist clients obtaining food stamps, TennCare, and counseling when needed. Grant funds from contract #L-1402 were used for salaries, benefits, professional fees, supplies, communication, occupancy, travel/conferences & meetings, insurance, and specific assistance to individuals.

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 Ujima House and its compliance with the intended beneficiaries of the grant funds.
- Reviewed the financial stability of the Ujima House 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 Ujima House 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 Ujima House possesses the necessary resources and expertise to administer the grants funds. The agency's fiscal operations are handled by an accountant that has several years of grant accounting experience. Our test revealed that the agency's board failed to meet on a quarterly basis as stated in their bylaws and represented to us in responses to questions on the internal controls questionnaire.

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 Ujima House for the year ended June 30, 2006, required the Ujima House to use the grant funds for support of its general operation. According to the grant contract, the funds are to be used to assist the grantee in providing a safe and supportive environment to victims of domestic violence in need of confidential living arrangements and interventions.

The Metro grants manual requires separate accounting of the 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 Ujima House for the year ended June 30, 2006 stipulates that the Grantee is to use grant funds to cover salaries, benefits, professional fees, supplies, communication, occupancy, travel/conferences & meetings, insurance, and specific assistance to individuals.

4. Reliability of financial and programmatic reporting

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

5. Reliability of internal controls

Our review of the internal controls of the Ujima House revealed that the agency appeared to be moderately managed and incorporated the necessary internal controls. However, the Board of Directors does not meet on the specified time period indicated on the internal controls questionnaire. In addition, the Board of Directors is currently active, but doesn't show evidence of providing adequate oversight of the agency's function(s). During the fiscal period in review, the agency did not meet the specified quorum requirement in order to have an official board meeting.

6. Civil rights requirements

Our review revealed that the Ujima House appeared to be in compliance with civil rights requirements. The agency had not received any complaints regarding any form of discrimination and the agency had civil rights and ADA posting in public places.

FINDINGS AND RECOMMENDATIONS

1. Board Oversight Needs Improvement.

Finding

Tests revealed that the Board of Director's does not meet on a quarterly basis as indicated in their bylaws; which is in violation of the agency internal rules regarding regular meetings. The infrequent meetings and apparent lack of board involvement is also inconsistent with the responses provided to our internal control questionnaire. Our review indicates the board only met twice instead of the five required meetings during the period reviewed. In addition, it appears the board did not have the required number of persons to satisfy the rule for a quorum on one of the two instances it did meet. In that instance, the board conducted business as usual. According to the minutes only three (3) of the 10 board members were present for the September 13, 2005 meeting. No board member showed up for the May 3rd, 2006 meeting.

According to the agency's by-laws, Section 8. **Regular Meetings**, it states "*Regular Meetings of the Board of Directors shall be held on a quarterly schedule. An annual meeting will be scheduled aside from the quarterly meetings to plan goals and objectives for the current year. Meetings will be scheduled in advance for the year. Boards of Directors are required to attend all scheduled meetings including annual board orientation.*" Section 11. **Quorum for Meetings**, it states "*a quorum shall consist of a simple majority after a meeting announcement is established for board meetings.*"

Executive Director and officers must be present at all scheduled meetings to conduct business decisions. Exception to this requirement will be based on medical or other life threatening emergency."

Failure to adhere to its bylaws outlining the frequency of meetings and failure to provide the necessary oversight of the agency operations may impact the agency's ability to achieve its goals, mission, and purpose. Lack of board involvement could also result in improprieties which may not be detected in a timely manner.

Recommendation

The Ujima House should take immediate measures to adhere to its bylaws regarding meetings. The board chair and executive director should take necessary measures to encourage the other board members to get more involved. The agency should solicit the board input and schedule meetings on days and at times most convenient to most members.

Corrective Action Plan Required

Please submit a plan within 30 days from the report date, indicating the actions the agency intends to take to correct the finding identified in the report to Ms. Tiffy Barnett at the address below:

Ms Tiffy Barnett
Metro Finance Department
Division of Grants Coordination
222 Third Avenue North, Suite 650
Nashville, TN 37201