

BILL PURCELL
MAYOR



METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DEPARTMENT OF FINANCE
OFFICE OF FINANCIAL ACCOUNTABILITY
222 3RD AVENUE NORTH, SUITE 650
NASHVILLE, TN 37201

September 28, 2005

Brenda Wynn, Board Chair
YWCA of Nashville and Middle Tennessee, Domestic Violence Center
1608 Woodmont Blvd.
Nashville, Tennessee 37215

Dear Ms. Bailey:

Please find a revised Monitoring Report for the YWCA of Nashville and Middle Tennessee. This report, previously issued on June 23, 2005 provides the results of our review of the agency's grant contract with the Metropolitan Government of Nashville and Davidson County for the fiscal year ended June 30, 2004. The report has been edited to correct a couple of errors in the initial report. The Office of Financial Accountability is responsible for monitoring grant funds from Metro Government to any nonprofit organization that receives grant appropriations.

We appreciate your cooperation and the assistance provided us by your agency during the course of the review. We hope you find the results of the review useful for administering grants for the Project for Neighborhood Aftercare. If you have any questions, please call me at (615) 880-1035.

Sincerely,

Fred Adom, CPA
Director

cc: Jan Shipp, Acting Chief Executive Officer, YWCA
David L. Manning, Director of Finance, Metro Government
Talia Lomax-O'dneal, Deputy Director of Finance, Metro Government
Kim McDoniel, Audit Manager, Metro Government
Mitzi Martin, Chief Accountant, Metro Government



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◆ Monitoring Report of ◆

YWCA of Nashville and Middle Tennessee, Domestic Violence Center



Issued by



Office of Financial Accountability

June 23, 2005

Fred Adom, CPA
Director

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

MONITORING REPORT
FOR THE
YWCA OF NASHVILLE AND MIDDLE TENNESSEE

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EXECUTIVE SUMMARY

The Office of Financial Accountability (hereinafter referred to as "OFA") has completed a monitoring review for the YWCA of Nashville and Middle Tennessee (hereinafter referred to as "YW" or "agency"). The OFA conducted its monitoring review along the major compliance areas identified in the Office of Management and Budget (OMB) Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and in accordance with Generally Accepted Government Auditing Standards and the Metro Grants Manual of the Metropolitan Government of Nashville and Davidson County (hereinafter referred to as "Metro").

Overview of the Agency

According to the YWCA, the agency is the largest provider of domestic violence services in Middle Tennessee. A private non profit organization, the YW receives Metro grant funding specifically for the Domestic Violence Center. This center which includes a shelter for residential service, a 24-hour crisis line, weekly support groups, children's therapeutic/counseling services, legal advocacy and/or court support, and a variety of education and outreach activities. For the fiscal year ended June 30, 2004, the agency provided these services for 5,000 people, many of which were under 18 years of age. In addition to domestic violence services, the agency also assists individuals through the Job Readiness, Youth Advantage, and Prison Re-Release Program. Over 2,000 people were served through these YW programs, Volunteers are an integral part of the YW's success, providing many of the services for program participants.

Objectives, Scope, and Methodology

A monitoring review is substantially less in scope than an audit. The OFA did not audit YWCA's financial statements and, accordingly, does not express an opinion or any assurances regarding the financial statements of YWCA or Metro. The OFA is responsible for monitoring the direct appropriations awarded by the Metro Council to nonprofit organizations. The OFA is also responsible for monitoring Metro departments that receive Federal and State grants and financial assistance, including cooperative agreements. In summary, any agreement(s) that imposes performance and/or financial requirements on Metro government is subject to review by the OFA.

The monitoring objectives for this review were as follows:

- To determine whether the agency possesses the resources and capacity to administer the grant funds
- To determine if services and costs reported are allowable and eligible
- To determine whether the agency is meeting program objectives
- To determine the reliability of financial reports
- To determine the reliability of internal controls
- To determine contractual compliance

Our review covered the agency's operations and expenses as of June 30, 2004, consistent with the grant period.

To accomplish the objectives of the monitoring review, the OFA conducted a site visit to review all supporting documentation and to interview YWCA administrative staff. The OFA obtained an understanding of the agency's operations through interviews and inquiries, physical inspection of accounting records and supporting documentation, and observation of operations and controls in place.

Monitoring Review Highlights

Our review revealed no discrepancies in the financial operations for the YWCA related to internal controls. In fact, we found the internal policies and procedures were in place and the agency is managed efficiently. The YWCA staff was knowledgeable about program and financial operations and provided valuable assistance during the site visit.

RESULTS OF MONITORING

In the “Results of Monitoring” section that follows, the OFA provides an overview of the overall results of the tests and analyses performed to meet the monitoring review objectives.

The overall results of the monitoring review for the YWCA are provided in this section. These results are based on tests performed and include conclusions regarding specific review objectives and, if applicable, recommendations for improvement.

1. Resources and capacity to administer the grant funds

Our review of the agency’s accounting system, the qualifications of the individuals assigned to manage the accounting records, and observation of the procedures in place indicate that the YWCA has the necessary resources and ability to administer the Metro grant funds. We found that the agency uses Great Plains accounting software to record financial transactions. The agency’s accounting office is headed by a certified public accountant.

Review of the minutes for the Board of Directors meetings from July 2003 through June 2004, the YWCA appears to have adequate Board oversight and active participation. The Board appears to monitor financial and programmatic activity of the agency. Further, the agency appears to have the necessary capacity to administer the grant funds. We noted that the FY 2004 Metro appropriation covered approximately 35% of the operations of the Domestic Violence Center. The YWCA had a positive fund balance and appeared to be solvent, based on our limited review of the audited financial statements for the year ended June 30, 2002.

2. Allowable and eligible services and costs

The contract between Metro and the YWCA for the period ending June 30, 2004 awarded funds to supplement salaries for domestic violence center (DV) staff and other DV costs. Based on tests performed, we found the agency charged allowable and eligible costs to the grant in compliance with applicable guidelines, including OMB Circulars A-122 and the Metro Grants Manual.

Per the Metro Grants Manual, the accounting system used by Metro grant recipients must avoid the commingling of Metro funds with other sources of funding. It appears the YWCA separately accounts for Metro grant funds received and most of the grant-related expenditures charged to a specific Metro expense account. Those that were not charged to the DV account(s) were administrative costs, for which a portion was allocated to the DV Center. These costs were easily distinguishable in the general ledger provided by the YW staff.

3. Program objectives

Based on the auditor’s observations and an overview of agency operations, the agency appears to be progressively working toward its program goals. According to the program report reviewed 31 mothers and children received supportive housing, case management, and education/training for the fiscal year ended June 30, 2004.

RESULTS OF MONITORING

4. Reliability of financial and programmatic reporting

Our review of the financial reports submitted by the YWCA revealed no major discrepancies or issues of noncompliance. Tests covered two (2) of the financial reports submitted to Metro for the grant period. Based on the tests performed, we found that the reports were in compliance with the Metro Grants Manual; however, we could not verify the total costs reported for either report; the total expenditures from the general ledger were \$2,730.25 and \$563.46 less than the reported amount. Further review of the total expenditures for FY 04 revealed the actual costs exceeded the grant award, so no finding is noted. **The OFA recommends the agency use the official financial record, the general ledger, to prepare and report grant expenditures and ensure that expenditures are not underreported on monthly/quarterly invoices.**

Per the Metro contract, the YW is required to submit a Final Expenditure Report and a Final Program Report within 45 days of the close of the grant period. Our tests revealed the agency fully complied with this requirement and no problems were noted.

5. Reliability of internal controls.

Based on our review of operations, we found that the agency's operations are well-managed and incorporate strong internal controls. The agency has the appropriate approval processes in place and financial duties are reasonably segregated and controlled. The agency has an employee handbook, which guides employee behavior and general processes, and has general internal accounting procedures documented in writing. The agency did not provide written accounting or purchasing policies that cover all fiscal matters including purchasing, payroll, and bill payment. **We recommend the agency prepare a comprehensive manual to guide employees on proper accounting and other financial controls.**

6. Contractual compliance.

Overall, the OFA found the agency in compliance with the contract requirements. The purpose of the Metro grant funds was to "support the YWCA Domestic Violence Center...." More specifically, the funds were requested for "salaries and other administrative costs." The YWCA has complied with this scope, based on our review of supporting documentation.

The grant contract further requires compliance with civil rights regulations and that the agency show proof of and post notices of nondiscrimination. We identified the necessary postings in the administrative offices, which include notices regarding nondiscrimination, sexual harassment, and complaints, and observed the agency's website and other literature describing the program. The OFA noted no instances of noncompliance with these contractual requirements.