

**METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY**



December 2, 2010

Ms. Sarah Ann Ezzell, Board Chair  
Family and Children's Services  
201 23<sup>rd</sup> Avenue North  
Nashville, TN 37203

Dear Ms. Ezzell:

Please find attached the Monitoring Report of the Family and Children's Services relating to the contract it had with the Metropolitan Government of Nashville and Davidson County for the fiscal year ending June 30, 2010.

The Office of Financial Accountability (OFA) is charged with the responsibility of monitoring grant funds, including Community Enhancement Funds (CEF), from Metropolitan Nashville Government to any nonprofit organization. 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 5, 2010.

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, CPA  
Director

cc: Dr. Raquel Hatter, Executive Director  
Richard M. Riebeling, Director of Finance

Talia Lomax-O'dneal, Deputy Director of Finance  
Gene Nolan, Deputy Director of Finance  
Kim McDoniel, Chief of Accounts  
Mark Swann, Internal Audit  
Kevin Brown, Office of Financial Accountability  
Essie Robertson, Office of Financial Accountability  
Brad Thompson, Office of Financial Accountability



◆ **Monitoring Report of** ◆

# **Family and Children's Services**



**Conducted by**



## **Office of Financial Accountability**

December 2, 2010

MONITORING REPORT

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## INTRODUCTION

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The Office of Financial Accountability (hereinafter referred to as “OFA”) has completed a monitoring review of Family and Children’s Services. 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 assurances regarding the financial statements of the Family and Children’s Services. The OFA is responsible for the internal monitoring of Metro agencies that receive federal and state financial assistance, including cooperative agreements and non-profit organizations that receive appropriations and Community Enhancement Funds from Metro government. In summary, any agreement(s) that imposes performance and/or financial requirements on Metro government is subject to review by the OFA.

The purpose of this review was to assess the agency’s compliance with contractual requirements set forth in the following contract with Metro Government:

<b>Contract</b>	<b>Type</b>	<b>Grantor</b>	<b>Amount</b>	<b>Contract Term</b>	
L-2305	Community Enhancement Funds (CEF)	Metro Government	\$97,200	July 1, 2009	June 30, 2010

### **Agency Background**

Family and Children’s Services is a private, non-profit entity offering mental health and child welfare services to citizens of Nashville and Davidson County. The agency’s mission is “to strengthen families, children and individuals to achieve self sufficiency, family preservation and emotional well-being”. The agency adheres to a Strength & Systems Based Service philosophy, in which clients are collaborators in their therapy and are understood within the context of their unique life experiences. Family and Children’s Services operates nine programs including Community & Office-Based Counseling, the Crisis Center/ 2-1-1 Help Line, Survivors of Suicide, Family Service Counseling, Trauma Intervention Services, Connecting Kids, Family Resource Center Programs, Davidson County Relative Caregiver Program and School Based Services.

## OBJECTIVES, SCOPE AND METHODOLOGY

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The objectives of our review were:

- 1) To determine whether the agency had the resources and capacity to administer the grant funds.
- 2) To determine if costs and services were allowable and eligible.
- 3) To verify that program objectives were met.
- 4) To test the reliability of the financial and programmatic reporting.
- 5) To verify contractual compliance.

The scope of our review was limited to the contract term July 1, 2009 through June 30, 2010.

Audit procedures included meeting with agency management and staff, reviewing the design of internal controls as a basis for establishing our testwork, reviewing Board minutes and obtaining written representations from management. In addition, we examined certain financial records and supporting documentation necessary to ensure compliance with contractual requirements set forth in Contract L-2305. Specific procedures included:

- Interviewing the employees responsible for grant management, financial reporting, and accountability.
- Reviewing supporting documentation of expenditures for allowability, necessity and reasonableness.
- Reviewing the agency's General Ledger and verifying the accuracy of all invoices submitted to Metro.
- Reviewing documentation to determine that funds were used for intended beneficiaries and expended in accordance with the Spending Plan of the contract.
- Reviewing documentation to support program activities for consistency with grant requirements.
- Assessing the financial stability of the agency and its ability to continue to administer the grant program funded by Metro.

## RESULTS OF REVIEW

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### Summary of Results

Criteria	Yes	No
Sufficient Resources and Capacity to Administer Funds?	✓	
Costs and Services are Allowable and Eligible?	✓	
Program Objectives being Met?	✓	
Reporting Requirements Met?		✓
Sufficient Internal Control Environment?	✓	
Compliance with Civil Rights Requirements?	✓	

## **RESULTS OF REVIEW**

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The overall results of the monitoring review are provided in this section. Results are based on testwork performed and include conclusions regarding specific review objectives and, if applicable, recommendations for improvement and an action plan for implementation. Where applicable, the Findings and Recommendations section of this report provides more insight into any issues identified below.

### **1. Sufficient Resources and Capacity to Administer Grant Funds**

Our review of the agency's accounting system and the qualifications of the individuals assigned to manage the accounting records indicate that the agency possesses the necessary resources and professional expertise to effectively administer the grant funds.

### **2. Allowable and Eligible Costs and Services**

Our review covered all of the core compliance areas identified by OMB Circular A- 133: *Audit of States, Local Government, and Non-Profit Organizations*. Based on our test work, costs and services during the period were allowable and eligible. Costs incurred by the agency complied with applicable guidelines stated in OMB Circular A-122.

Additionally, the Metro Grants Manual requires separate accounting of the Metropolitan Nashville Government grant funds to prevent co-mingling of Metro Funds with other sources of funding. The agency was in compliance with this requirement. Different revenue classes as well as expenditure classes had been established to separately track the sources and amounts of funding. Also, the agency could easily and accurately report their expenses supported by the Metro Grant.

### **3. Program and Performance Objectives**

The grant contract stipulates that the agency was to provide the following program objectives:

## **RESULTS OF REVIEW**

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- 200 Students who witness or are victims of domestic violence will be educated on domestic violence and healthy relationships, will receive treatment for traumatic effects of domestic violence, and will be linked with appropriate resources in order to support their recovery from domestic violence and ability to engage in healthy relationships.

Based on our review of program documentation and discussions with staff, program performance objectives had been met and the agency was in compliance with contractual program objectives.

### **4. Reliability of Financial and Programmatic Reporting**

The contract requires submission of an annual audit report performed by a Certified Public Accountant. The contract also requires the agency to submit to Metro year end reports of the program outcome and a final expenditures report, no more than 45 days after the close of the contract. We reviewed all applicable financial and programmatic reports required by the contract, including audited financial statements. Based on our review, the agency failed to comply with certain programmatic reporting requirements. Finding #1 in the Findings and Recommendation section provides more details.

### **5. Internal Control Environment**

In order to determine the adequacy of the design of internal controls, we obtained and reviewed an independent auditor's report on internal control over financial reporting and/or a completed internal control questionnaire. This audit procedure was performed solely as a basis for determining our test work and to assist us in making suggestions for improvement to management. We did not evaluate the operating effectiveness of internal controls over financial reporting.

Our review of the design of the agency's internal controls did not reveal any control deficiencies. Further, nothing came to our attention that would necessitate suggestions for improvement in internal control activities to management.

## RESULTS OF REVIEW

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### **6. Civil Rights Requirements**

Our review did not reveal anything to indicate that the agency was noncompliant with civil rights requirements. The agency also has necessary written policies and procedures relating to civil rights. The agency has not received any complaints regarding any form of discrimination. Further, civil rights and ADA postings were publicly displayed.

## **FINDINGS AND RECOMMENDATIONS**

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### **1. Reporting Requirements Not Met**

The Family and Children's Services failed to submit their final program report within the required time frame. The final program report was not received by the Metro Grants Coordination until September 3rd. Per section D.9 Reporting requirement under the Standard Terms and Conditions of the grant contract, the recipient "shall submit a final program report within 45 (forty-five) days of the end of the Grant Contract." The contract period ended on June 30, 2010 therefore the final program report was due no later than August 15, 2010.

#### **Recommendation:**

The agency should ensure that annual program reports are submitted to the Division of Grants Coordination no later than August 15<sup>th</sup>.

#### **Corrective Action Plan Required**

Please submit a corrective action plan indicating the actions the agency intends to take to correct the findings identified in this report. The corrective action plan should be submitted within 30 days from the report date to the address below:

Division of Grants Coordination  
700 2<sup>nd</sup> Avenue South, Suite 201  
Nashville, TN 37210  
ATTN: Director