

**METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY**



June 19, 2012

Dr. William Paul, Director  
Metropolitan Public Health Department  
Lentz Public Health Center  
311 23<sup>rd</sup> Avenue North  
Nashville, TN 37203

Dear Dr. Paul:

Please find attached the final monitoring report on a select federal and state grants and other financial assistance administered by the Metropolitan Public Health Department during the year ended June 30, 2011. You previously reviewed and responded to findings in the preliminary report dated June 1, 2012. Your responses have been incorporated into this final report.

We appreciate the assistance provided us by your department during the course of the review. If you have any questions, please call me at 615-880-1035.

Sincerely,

Fred Adom, CPA  
Director

cc: Stan Romine, Metropolitan Public Health Finance Director  
Dianne Harden, Metropolitan Public Health Business Manager  
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



**Metropolitan Government of Nashville and Davidson County**

# **METROPOLITAN PUBLIC HEALTH DEPARTMENT**

## **◆ Monitoring Report ◆**

Conducted by



**Office of Financial Accountability**

June 19, 2012

# 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 the federal and state grants and contracts administered by the Metropolitan Public Health Department (hereinafter referred to as “Health Department”). The monitoring process included a review of those contracts in effect during the fiscal year ending June 30, 2011. The contracts reviewed are listed in Appendix A. The OFA conducted the 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 compliance with the OMB Circular A-87, “Cost Principles for State, Local and Indian Tribal Governments.”

### Department Background

The mission of the Metropolitan Public Health Department is to protect and improve the health and well-being of all people in Metropolitan Nashville.

The Health Department has the following goals to help it achieve the mission:

- Prevent, detect, and alleviate outbreaks of infectious disease and other public health threats and emergencies.
- Improve the health and wellbeing of children.
- Prevent death and promote well-being by reducing tobacco use and increasing physical activity and healthy eating in Nashville.
- Ensure cleaner air and a safer environment.
- Improve access for everyone to needed preventive, medical, and mental health services.

## INTRODUCTION

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### Grants Reviewed

The purpose of this review was to assess the Health Department's compliance with contractual requirements set forth in the following grant contracts with U.S. Department of Health & Human Services. The four reviewed grants had a total financial award of approximately \$2,318,600.

#### *Bioterrorism 10-11*

The Metropolitan Public Health Department was awarded \$881,600 to provide bioterrorism emergency preparedness services and to maintain the cities' readiness to respond to pandemic disease for the citizens of Davidson County.

#### *Breast and Cervical Cancer Screening 08-11*

The Metropolitan Public Health Department was awarded \$292,600 to provide breast and cervical cancer screenings to underinsured women.

#### *HIV-AIDS Prevention, Surveillance and STD 10-10*

The Metropolitan Public Health Department was awarded \$905,400 to provide prevention, intervention and surveillance services for HIV-AIDS and other sexual transmitted diseases.

#### *HIV Rapid Testing 10-11*

The Metropolitan Public Health Department was awarded \$239,000 to provide HIV testing services to at risk individuals in a jail setting.

## OBJECTIVES, SCOPE AND METHODOLOGY

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A monitoring review is substantially less in scope than an audit. The OFA did not audit the financial statements for the Metropolitan Public Health Department and, accordingly, does not express an opinion or any assurances regarding the financial statements of the Parks or the Metropolitan Government of Nashville and Davidson County (hereinafter referred to as “Metro”). 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 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 overall monitoring objective was to determine the department’s compliance with grantor and Metro guidelines, policies, rules, and regulations. Specifically, we reviewed for the following objectives:

- To determine whether activities and costs of the program were made in accordance with OMB Circular A-87; the minimum federal, state and local requirements; and grantor guidelines.
- To determine whether the minimum requirements for local matching contributions and/or adequate level of expenditures by other sources of funds are met.
- To determine whether grant funds were used exclusively during the period in which the funds were authorized.
- To determine the reliability and timeliness of the financial and programmatic reporting.
- To determine whether federal compliance requirements regarding sub-recipient oversight were met and whether the sub-recipient performed in accordance with the contract terms.
- To determine whether civil rights requirements are met.
- To determine whether program objectives were met.
- To determine whether the various Metro regulations were followed.

The scope of the work included the grants listed in Appendix A. The grant period was July 1, 2010 through June 30, 2011. Although the review focused on this specific time period, certain analyses required the consideration of financial transactions outside of this time period.

## OBJECTIVES, SCOPE AND METHODOLOGY

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The methodology adopted by the OFA encompassed various interviews and an objective review of fiscal and programmatic files, including:

- Financial transactions and supporting documentation
- Contract agreements and related amendments
- Federal and/or state financial reports
- Program reports and supporting documentation
- Correspondence between related parties.

## **FINDINGS, RECOMMENDATIONS & MANAGEMENT’S RESPONSE**

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### Finding

#### I. Failed to comply with Metro Grants Management Regulations

Tests revealed three instances of violations of the grants management regulations and approval process for grant amendments. The Health Department failed to follow the grants/amendments review process including Council approval for the grant amendments as required. The Metropolitan Government of Nashville and Davidson County Comprehensive Grants Management Policies and Procedures states on page 19, under the heading “What about amendments?” “Amendments must go through the same approval process as the original contract.”

The related grants and the reasons for the amendments that were cited for noncompliance are noted below

Grant	Amendment Reason
Bioterrorism 10-11	Amended to include 10% in-kind match requirement to the contract
HIV-AIDS Prevention, Surveillance and STD 10-10	Amended to reduce award amount due to cut in funding
HIV Rapid Testing 10-11	Amended to reduce award amount due to elimination of one FTE position

Bypassing the amendment review and Council approval process could potentially obligate Metropolitan Nashville Government without the proper authority.

### Recommendation

The Health Department should take the necessary steps to ensure that all grant amendments, whether done by official or unofficial means, go through the same approval process as the original contract.

### Management’s Response

The Metro Public Health Department does concur in part with this finding. However, we do feel that it is important that all parties understand the complexity of the process that the MPHD deals with in order to get a grant amendment approved. The process starts with the State requesting a budget for the respective grant. MPHD prepares a revised budget, reviews with the program supervisors, and forwards to the State. The State then prepares and sends MPHD a grant amendment. The MPHD Business Manager then performs the following process:

## FINDINGS, RECOMMENDATIONS & MANAGEMENT'S RESPONSE

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1. Obtains approval from the Board of Health.
2. Sends to Grant Coordinator.
3. Obtains signed approval from OMB.
4. Obtains signed approval from Metro Finance Director.
5. Obtains signed approval from Insurance.
6. Obtains signed approval from Legal.
7. Places amendment on the Metro Council agenda for approval.
8. Obtains Mayor's approval.
9. Receives approved document from Mayor's Office.
10. Sends document to State for final signed approval
11. Receives approved document from State.
12. Sends copy of completed document to the Metro Clerk.

This process takes approximately six to eight weeks to complete. However, the process could take up to an additional month to complete if the request is made the next day after the Board of Health meets for example.

Three incidents of non-compliance were noted in the Office of Financial Accountability's monitoring report. In two of these incidents, budgets were prepared, but no amendment was ever received from the State. The grants in questions are the Bioterrorism Grant and the HIV-AIDS Prevention, Surveillance and STD Grant. Regarding the HIV/Rapid Testing Grant, the State discussed sending an amendment, but due to time constraints the State did not feel that there was adequate time to process an amendment. Therefore, the State sent a letter stating what had been discussed and stating that the grant would be reduced. Per the recommendation outlined in this report, the correspondence mentioned above should have been processed like a grant amendment. This would have taken the same amount of time as a grant amendment which was the problem in the first place.

In the future the Metro Public Health Department will make every effort to comply with the Metropolitan Government of Nashville and Davidson County Comprehensive Grants Management Policies and Procedures. MPHHD will also be consulting with the Metro Legal Department to determine if any correspondence, like the one previously mentioned, can be used in the grant/contract approval process.

## **FINDINGS, RECOMMENDATIONS & MANAGEMENT'S RESPONSE**

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### Finding

#### 2. Program Requirements Not Met

The Health Department failed to meet the targets expressly noted in the approved contract program requirements.

The HIV Rapid Testing 10-11 grant calls for the agency to “provide HIV testing services to 12,000 at risk individuals in a clinical setting.” The Health Department was only able to provide documented testing of 8,838 individuals. Our inquiries indicate the target may have been unattainable anyway; however the variance is so significant that it could potentially affect the allowability of the costs of the program.

### Recommendation

The Health Department should take the necessary steps to ensure that all program requirements are met. At a minimum, the program requirements should be set to an amount that can be met based on previous program history.

### Management's Response

The Metro Public Health Department concurs with this finding. However, the MPH D would like to note that many times accomplishing requirements listed in a grant's scope of services are affected by issues beyond the control of the grantee. During the fiscal year under review, grant staff was reduced from three employees to one employee. It was stated in the Office of Financial Accountability's finding that it appeared that the goal established “may have been unattainable anyway”. The unexpected reduction in staff definitely impacted accomplishment of the target for HIV testing services for at risk individuals. MPH D grant program management feels that there would have been a reasonable chance to meet the goal specified if staffing had been maintained at the expected level.

The target in the current grant contract has been reduced by the State from 12,000 to 9,600 tests of at risk individuals and wording in the contract has been changed to allow for a little more flexibility in meeting grant performance goals. The MPH D has asked all of its program managers to review their grant scope of services more closely to determine what grant requirements are reasonable and attainable prior to agreeing to the terms of the contract.

## APPENDIX A

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Grant	Contract #	Grant Period		Award Amount	Findings
Bioterrorism 10-11	34360-31711	8/1/2010	7/31/2011	\$881,600	Yes
HIV-AIDS Prevention, Surveillance and STD 10-10	GG-10-32284-00	1/1/2010	12/31/2010	\$905,400	Yes
HIV Rapid Testing 10-11	34349-61911	9/30/2010	9/29/2011	\$239,000	Yes
Breast and Cervical Cancer Screening 08-11	GG-09-25038-00	7/1/2008	6/30/2011	\$292,600	No