

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY



January 17, 2013

Bart Victor – Board Chair
Vanderbilt Center for Health Services
1211 Stevenson Center Lane
Nashville, TN 37232

Dear Mr. Victor:

Please find attached the Monitoring Report of the Vanderbilt Center for Health Services relating to the contract it has with the Metropolitan Government of Nashville and Davidson County for the fiscal year ending June 30, 2012.

The Office of Financial Accountability is charged with the responsibility of monitoring grant funds, including Community Enhancement Funds, from Metropolitan Nashville Government to any nonprofit organization. Staff from the Office of Financial Accountability conducted the review on December 27, 2012.

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: Barbara Clinton, 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



Metropolitan Government of Nashville and Davidson County

Vanderbilt Center for Health Services

◆ Monitoring Report ◆

Conducted by



Office of Financial Accountability

January 17, 2013

MONITORING REPORT

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INTRODUCTION

The Office of Financial Accountability (hereinafter referred to as “OFA”) has completed a monitoring review of Vanderbilt Center for Health 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 Vanderbilt Center for Health Services or any of its component units. The OFA is responsible for the internal monitoring of Metropolitan Government of Nashville and Davidson County (hereinafter referred to as “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:

Contract	Type	Amount	Contact Term	
L-2692	Community Enhancement Funds	\$87,300	July 1, 2011	June 30, 2012

Agency Background

Vanderbilt’s Center for Health Services has provided education and health services to children and families since 1972. The Center’s Communities And Students Together for Learning Enhanced Service (CASTLES) program enhances Davidson County’s children’s lives in afterschool programs and parent focused Teaching Kitchens.

CASTLES uses interactive lessons about food groups and fitness to promote healthy behaviors among children at Tusculum and Buena Vista Elementary Schools and at the Hadley Park Community Center. Students also learn step-by-step recipe preparation and information on portion control, food safety and healthy cooking techniques and how food choices may affect your education and school participation.

OBJECTIVES, SCOPE AND METHODOLOGY

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, 2011 through June 30, 2012.

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-2692. 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

SUMMARY OF RESULTS

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

RESULTS OF REVIEW

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*. 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 is in compliance with this requirement. Different revenue classes as well as expenditure classes have been established to separately track the sources and amounts of funding. Also, the agency can easily and accurately report their expenses supported by the Metro Appropriation.

Based on our test work, some costs and services during the period were not allowable and/or eligible.

3. Program and Performance Objectives

The contract stipulates that the agency shall use the funds to provide the following outcomes:

RESULTS OF REVIEW

- 50 low income children ages 5-14 from Hadley Park Elementary School will participate in afterschool programs, which will operate 3:00-6:00 p.m. every day that Metro Schools are open
- 50 low income children ages 5-14 from Tusculum and Buena Vista Elementary Schools will participate in afterschool programs which will operate 2 hours each day, 3 days a week
- 70% of participants will increase their rates of physical activity
- 65% of participants will increase their academic performance by half a letter grade by year-end
- 50% of participants will report feelings of academic engagement and peer acceptance

Based on our review of program documentation and discussions with staff, program performance objectives were met and the agency is 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 did not comply with all financial and programmatic reporting requirements.

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.

RESULTS OF REVIEW

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.

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 are publicly displayed.

FINDINGS AND RECOMMENDATIONS

1. Failed to obtain grantor approval prior to revising Spending Plan

The Vanderbilt Center for Health Services failed to seek a budget revision and, therefore, reported more costs for one line item than contractually allowed. Per the Final Expenditures report, the agency reported the following:

Line Item	Reported
Supplies	\$15,299

Per the contract spending plan, the agency was allowed a budget of the following:

Line Item	Reported
Supplies	\$11,800

As a result of reporting more costs, the agency exceeded the contracted line item by \$3,499. The OFA is not questioning the costs of the difference since the agency only spent \$86,704 of an \$87,300 award and the agency has other costs that could have been substituted into the appropriate line item.

Recommendation:

The agency should ensure that it requests permission from Metro and receives an updated grant budget before changing any grant line item budget by more than 10%.

2. Reporting Requirements Not Met

The Vanderbilt Center for Health 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 August 24, 2012. 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 Vanderbilt Center for Health Services failed to submit their final expenditure report within the required time frame. The final expenditure report was not received by the Metro Grants Coordination until August 29, 2012. A revised final

FINDINGS AND RECOMMENDATIONS

expenditure report was received on October 19, 2012. Per section C.4 Reporting requirement under the Standard Terms and Conditions of the grant contract, the recipient “shall submit a final expenditure report within 45 (forty-five) days of the end of the Grant Contract.”

The contract period ended on June 30, 2012 therefore the final program report was due no later than August 15, 2012.

Recommendation:

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

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
PO Box 196300
Nashville, TN 37219
ATTN: Tonya Bowers