

BILL PURCELL
MAYOR



METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DEPARTMENT OF FINANCE
OFFICE OF FINANCIAL ACCOUNTABILITY
222 THIRD AVENUE NORTH, SUITE 315
NASHVILLE, TENNESSEE 37201

May 7, 2004

Jim Gilchirst
Community Access Television (CATV)
120 White Bridge Road
Nashville, TN 37209

Dear Mr. Gilchirst:

Please find attached the Monitoring Report of Community Access Television (CATV) relating to the contracts it has with the Metropolitan Government of Nashville and Davidson County for the fiscal year ending June 30, 2003.

The Office of Financial Accountability (OFA), formerly known as the Division of Grants Monitoring, is charged with the responsibility of monitoring grant funds from Metropolitan Nashville Government to any 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 April 22, 2003.

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
Director

cc:

David Manning, Director of Finance
Talia Lomax-O'dneal, Deputy Director of Finance
Mitzi Martin, Division of Accounts
Kim McDoniel, Internal Audit
Kevin Brown, Office of Financial Accountability
Ron Mealing, Community Access Television



Metropolitan Government of Nashville and Davidson County

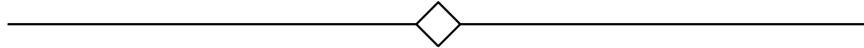
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◆ Monitoring Report of ◆

Community Access Television (CATV)



Issued by



Office of Financial Accountability

Fred Adom, CPA
Director

May 7, 2004

Kevin Brown,
Lead Auditor

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

Monitoring Report
for the
Community Access Television

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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 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 Community Access Television (CATV) for the year ended June 30, 2003. 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 Community Access Television, Inc. 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
- 7) To verify that civil rights requirements are being met

The review was limited to the Metropolitan Government of Nashville and Davidson County grant to the Community Access Television for the fiscal year ending June 30, 2003. Community Access Television is responsible for managing Channel 19, which is designated public access channel for the Metro area. Along with being responsible for Channel 19, CATV is also responsible for offering classes in video production and editing on a monthly basis. To accomplish our objectives of the monitoring review we:

- Interviewed the officials responsible for the grant management, financial reporting, and accountability.
- Reviewed a randomly selected sample of expenditures charged to the Metro grant.
- Reviewed controls and supporting documentation of expenditures for allowability, necessity and reasonableness of the costs incurred.
- Reviewed operations and activities offered by the Community Access Television and its compliance with the intended beneficiaries of the grant funds.
- Reviewed Community Access Television compliance with Civil Rights and ADA requirements regarding accessibility of the services to handicapped clients and measures taken to accommodate the needs of such clients.
- Reviewed the financial stability of the Community Access Television and its ability to continue to administer the grant program funded by Metro.

RESULTS OF MONITORING

The Results of Monitoring section presents brief summaries of results of the testing performed including conclusions regarding the key objectives, recommendations for improvement and an action plan for implementing the conclusions. The results of the monitoring are listed 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, indicate that the Community Access Television possesses the necessary resources and expertise to administer the grants funds. The Executive Director, Accountant, and the Board Treasurer oversee the fiscal operations. The accountant is a contracted employee with several years of accounting experience and is responsible for the recording of expenditures and preparing financial information for the agency's board meetings. The Board of Directors meets every third Thursday of the month and takes a very active role in the agency's operations.

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 Community Access Television for the year ended June 30, 2003, required CATV to use the grant funds to facilitate the production of Community programs by providing free access to camcorders, studio and editing facilities and to maintain channel 19, which is the designated public access channel for the Metro area.

The grants manual specifies for the separate accounting of the Metropolitan Nashville Government grant funds to prohibit co-mingling of the Metro Funds with other sources of funding. The agency is 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. Also, the agency can easily and accurately report their expenses supported by the Metro Appropriation. The agency, however, is not always maintaining adequate supporting documentation to support expenditures charged to the Metro Appropriation (invoices, receipts, etc.). Our review covered all of the core areas 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 Community Access Television for the year ended June 30, 2003, did not hold the Community Access Television to any specific Program objectives rather than for the benefit of Residents of Metro Davidson County. The agency's operations generally benefit Metro Nashville residents. Due to the lack of specific program objectives, we could not conclude whether the Program objectives were met.

4. Reliability of financial and programmatic reporting

The contract called for submission of an annual audit report performed by a Certified Public Accountant. Community Access Television is required to submit to Metro reports of the program outcomes and a final expenditures report 45 days after the close of the contract.

RESULTS OF MONITORING

5. Reliability of internal controls

Our review of the internal controls of Community Access Television did not reveal any weaknesses in their internal controls. The agency requires Board approval for invoices over a certain dollar limit before the agency purchases the items.

6. Contractual compliance

The agency's operations generally benefit Metro Nashville residents as required in the contract. Due to the lack of other specific contractual requirements, we could not test for any specific contractual compliance.

7. Civil rights requirements

Our review did not reveal anything to indicate that Community Access Television was not in compliance with civil rights requirements. The agency has a written affirmative action plan that addresses civil rights and the American Disabilities Act.

FINDINGS AND RECOMMENDATIONS

1. Needs to improve documentation of expenditures.

Finding

Testing revealed that the agency does not always maintain the proper documentation necessary to support grant funds (i.e., invoices and/or receipts). Fifty percent (50%) of the sample tested were not supported by an invoice or receipt. The lack of proper supporting documentation made it impossible to determine if the expenditures charged to the grant were reasonable, necessary, and allowable; however, the OFA auditors noted that those purchases appeared to be for office supplies from vendors such as Office Depot, U.S. Post Office, and Waste Management.

As stated in the Metro Grants Manual, costs should meet following criteria to be allowable:

- a. A reasonable use of funds
- b. A necessary use of funds,
- c. For a reasonable amount,
- d. For a clear purpose,
- e. Consistent with the purpose of the Grantee's program,
- f. Compliant with the terms and purpose of the Metro grant,
- g. Authorized within the budget,
- h. Properly approved,
- i. Adequately documented.

The OFA did not question any of the cost reported to Metro, however such weaknesses could lead to questioned cost in the future.

Recommendations

We recommend that Community Access Television take the following actions:

- 1. Ensure there is proper and necessary documentation prior to any payments.**
- 2. Ensure that such documentation is properly maintained and made available for review.**
- 3. Ensure all expenditures reported to Metro can be readily supported.**