

**METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY**



November 24, 2010

William S. Paul, M.D., M.P.H.  
Lentz Public Health Center  
311 23rd Avenue North  
Nashville, TN 37203

Dear Dr. Paul:

Please find attached the Monitoring Report of the Public Health Department relating to the American Recovery and Reinvestment Act (ARRA) grant received for the fiscal year ending June 30, 2010. The Office of Financial Accountability (OFA) is charged with the responsibility of monitoring grant funds from Metropolitan Nashville Government to any nonprofit organization and federal and state grants to departments within the Metropolitan Nashville Government.

Detailed information, including recommendations, regarding any issues noted during our review is outlined in the "Issues and Recommendations" section of the attached report. Specific issues noted include the following:

- Expenditures for the CPPW grant do not agree with information shown on [FederalReporting.gov](http://FederalReporting.gov).

We will continue to monitor your agency's progress as ARRA projects are funded and completed. 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: Stan Romine, Senior Accountable Official  
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  
Laura Cowan, Office of Financial Accountability  
Essie Robertson, Office of Financial Accountability  
Brad Thompson, Office of Financial Accountability



◆ **Monitoring Report of** ◆

# **Public Health Department**



**Conducted by**



## **Office of Financial Accountability**

November 24, 2010

MONITORING REPORT

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## INTRODUCTION

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The Office of Financial Accountability (hereinafter referred to as “OFA”) has completed an American Recovery and Reinvestment Act (ARRA) compliance review of the Public Health Department. A compliance 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 Metropolitan Government of Nashville and Davidson County (hereinafter referred to as “Metro”) or any of its component units. 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 scope of our review included audit testing of ARRA funding received during the first three quarters of FY 2010. Grants reviewed for your department are shown in the following table:

ARRA Grant	Grantor	Amount
Chronic Disease	US Dept of Health & Human Services	\$ 29,100
CPPW	CDC	\$ 7,527,527
TB Control, Prevention & Outreach	TN Dept of Health	\$ 554,100

### Background

The Recovery Act is an economic stimulus package enacted by Congress and signed into law in February 2009. It was intended to provide a stimulus to the U.S. economy in the wake of the economic downturn. ARRA funds awarded help support various projects throughout Metro Nashville. The Recovery Act states that all federal funding should be expended or obligated by September 30, 2010.

The ARRA grant process begins with agencies identifying funding needs and sources. For federal grant awards, Metro agencies can be a prime or sub-recipient. When an agency obtains grant funds directly from a federal agency, the agency is considered a prime recipient. When funds are granted to an agency through a non-federal entity, the agency is considered a sub-recipient. Prime recipients of federal funds have more responsibilities for grant administration, monitoring and reporting than sub-recipients. Metro Nashville has received grants as both a prime and a sub-recipient.

ARRA recipients are required to register at [www.federalreporting.gov](http://www.federalreporting.gov) to meet the requirements of the Recovery Act. This website is the only central government-wide data system intended for collecting ARRA spending information directly from recipients. The data submitted each quarter is used to populate [www.Recovery.gov](http://www.Recovery.gov), which is the website the public can access in order to give taxpayers information on the manner and purpose in which funds were expended.

## METHODOLOGY

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As Metro agencies were approved for ARRA grant funding, the OFA conducted an initial ARRA Readiness Assessment. At that time, any potential concerns related to internal controls over ARRA funding or reporting requirements were communicated at the department.

For the first three quarters of FY 2010, we conducted a compliance review for those Metro agencies receiving ARRA funding. Substantially all (100%) of each department's ARRA grant funding was subject to compliance testing by the OFA.

Our process included a review of expenditure reports submitted to the grantor and/or to Recovery.gov, the Federal government's ARRA reporting website. Sampled expenditures reported under the grant were reconciled to financial data shown in EBS for that particular business unit. Sampled expenditures were also reconciled to relevant supporting documentation, where applicable. In order to ensure compliance with detailed state and federal reporting requirements, we also assessed the timeliness of ARRA reporting for each department.

It is important to note that, at the time of our review, some Metro departments had already undergone an independent audit of its ARRA grants. To avoid unnecessary duplication of efforts, we performed minimal audit procedures for those agencies previously audited by an independent governmental entity. In such instances, procedures included a review of the conclusions reached by the independent agency and/or the published audit report on the Metro department's ARRA compliance. In those cases, no further review and assessment was necessary on our part. Independent agencies performing such audits include state and federal governmental entities and Metro Internal Audit.

## ISSUES AND RECOMMENDATIONS

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During our review of your grants, the General Ledger and relevant reports, we noted the following issues:

### **Issue 1**

Expenditures for the CPPW grant do not agree with information shown on FederalReporting.gov. Specifically, we noted that your department reported payroll expenditures for the second quarter of FY10 that are not showing up in the General Ledger on EBS. We brought this issue to the attention of the Health department staff on June 7<sup>th</sup>. The Health Department staff explained to us that certain employees had been previously funded from another business. Two journal entries were completed, one with GL date of May 1, 2010 and one with a GL date of May 31, 2010. Neither journal entry reflects the amount reported to the grantor. A journal entry to correct the issue has not been made.

### **Recommendation**

The necessary journal entry to correct the issue should be made in order to properly reflect the manner and purpose in which the ARRA funds were expended.

### **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  
222 3<sup>rd</sup> Avenue North, Suite 500  
Nashville, TN 37201