



**METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY**

August 27, 2013

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 of a select number of federal and state grants and other financial assistance administered by the Metropolitan Public Health Department during the 2012 fiscal year. You previously reviewed and responded to a preliminary report issued on August 9, 2013. Your responses to that report have been incorporated into this final report under "Management's Comments."

We appreciate the assistance provided 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**

August 27, 2013

# MONITORING REPORT

---

## TABLE OF CONTENTS

INTRODUCTION .....	5
OBJECTIVES, SCOPE AND METHODOLOGY .....	7
RESULTS OF MONITORING.....	9
FINDINGS, RECOMMENDATIONS AND MANAGEMENT’S RESPONSE. ....	10
APPENDIX A.....	23

## INTRODUCTION

---

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 and June 30, 2012. 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 (hereinafter referred to as “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 its 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

---

### 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 the Tennessee Department of Health, TennCare, U.S. Environmental Protection Agency, and U.S. Department of Health & Human Services. The ten reviewed grants had a total financial award of approximately \$25,911,106.

#### *Air Pollution Control Program 105 09-11*

The Metropolitan Public Health Department was awarded \$2,715,726 to protect air quality so that it achieves established ambient air standards and protects human health.

#### *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.

#### *Bioterrorism 11-12*

The Metropolitan Public Health Department was awarded \$854,300 to provide bioterrorism emergency preparedness services and to maintain the cities' readiness to respond to pandemic disease for the citizens of Davidson County.

#### *Environmental Health 08-12*

The Metropolitan Public Health Department was awarded \$4,940,000 to administer environmental health inspections of hotels, food service establishments, swimming pools, bed and breakfast establishments, tattoo studios, body piercing establishments, organized camps, child care facilities, juvenile institutions and group homes.

#### *Healthy Start Initiative – Eliminating Racial/Ethnic Disparities 11-12*

The Metropolitan Public Health Department was awarded \$745,672 to provide a variety of services for minority and ethnic pregnant and parenting women.

#### *Pathways to Responsible Fatherhood 11-12*

The Metropolitan Public Health Department was awarded \$1,589,107 to create a comprehensive strategy to address issues and barriers to responsible fatherhood.

## INTRODUCTION

---

### *Ryan White Part A HIV Emergency Relief 11-12*

The Metropolitan Public Health Department was awarded \$4,765,213 to enhance access to comprehensive high quality community based care for low income individuals and families with HIV disease.

### *Ryan White Part A HIV Emergency Relief 12-13*

The Metropolitan Public Health Department was awarded \$4,540,588 to enhance access to comprehensive high quality community based care for low income individuals and families with HIV disease.

### *TennCARE Dental Prevention Oral Health 11-16*

The Metropolitan Public Health Department was awarded \$3,480,000 to provide school based oral disease prevention services to those children in schools that qualify for Title I funding.

### *Tuberculosis Control, Prevention and Outreach Services 12*

The Metropolitan Public Health Department was awarded \$1,398,900 to provide tuberculosis control, prevention and outreach services.

## OBJECTIVES, SCOPE AND METHODOLOGY

---

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 Public Health Department 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 were 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 were 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, 2011 through June 30, 2012. 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**

---

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.

## RESULTS OF MONITORING

---

### Overall Findings and Major Review Highlights

Our review revealed six discrepancies with policies and grant requirement guidelines. The department:

1. Failed to collect earned grant revenue.
2. Failed to pass on grant program objectives and contract provisions to sub-recipients.
3. Failed to meet grant program and contract provisions.
4. Failed to comply with Metro's Revenue Recognition Policy.
5. Failed to comply with Metro's Credit Card Policy and its own departmental purchasing procedures.
6. Failed to comply with Metro Grants Management Regulations.

The section that follows provides more detailed information for each of the above findings. Management is given an opportunity to respond to each finding.

**Finding**

**1. Failed to Collect Earned Grant Revenue**

Our review revealed that the Public Health Department was not compensated in accordance to the terms of the Environmental Health Grant 08-12 contract as delineated in Sections C.1 and C.3.

Section C.1 of the contract states, *“In no event shall the maximum liability of the State under this contract exceed \$4,940,000.”* The contract summary sheet breaks this amount into four equal annual maximum installments of \$1,235,000.

Furthermore, Section C.3. of the contract states, *“The Contractor shall be compensated based on the Service Rates herein for units of service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in Section C.1. The Contractor’s compensation shall be contingent upon receipt of state permit fees and any applicable penalties collected and remitted to the State by the Contractor as required herein. The Contractor shall be compensated quarterly in an amount equal to ninety-five percent (95%) of the total amount of state permit fees and any applicable penalties remitted to the State in the three (3) calendar months prior.”*

The businesses levied permit fees and applicable penalties for the work performed by the Public Health Department are allowed to either pay those fees and penalties to the department or directly to the State. The state does not disclose what it collects from those businesses to the Metro Health Department. Consequently, the Public Health Department is unable to determine the amount of grant revenue earned.

The department failed to take a proactive approach by not seeking information from the state in regards to the amount of permit fees and penalties collected during each quarter. Therefore, the department failed to collect grant revenue as timely as permissible in accordance with the terms of the grant contract. Tests show the reimbursements due to the department were several years in arrears. As a result, the department was utilizing Metro funds to cover grant expenditures ultimately resulting in the department borrowing against the Metro Investment Pool (MIP) and thereby causing the grant fund to incur negative MIP charges.

**Recommendation**

The Public Health Department should establish a tracking procedure to capture the amount of revenue earned and collected according to the terms of contract. The department should actively seek reimbursement for services rendered under the terms of the contract in accordance to the time constraints as outlined in the grant contract.

**Management's Response**

*“The Metro Public Health Department (MPHD) concurs in part with this finding. The Department has very few options available to it to determine the amount of revenue receivable from State of Tennessee permit collections. The amount of revenue which is due to MPHD is 95% of all permit fees collected. The majority of these collections are made by the State. The Department therefore is dependent on the State for reliable information related to collections. In recent years such information has been very difficult to obtain and the information that is obtained cannot be totally relied upon. This has not always been the case, but in the past four or five years it is the case. The State is supposed to be implementing new software which should improve access to reliable data, but to date we have not received access.*

*In this finding it has been stated that the Department has not taken a proactive approach to seeking information from the State. Over the years the Department has made many phone calls and sent many e-mails from various levels of its hierarchy to the State with very little success. The Department can provide some of these e-mails, if requested. Essentially the reply is always the same from State. They are working on the matter. The Department has very little recourse other than to suspend services or to turn the matter over to the Metro Legal Department. It would neither be in the best interest of the Department or the citizens of Davidson County to suspend services. The Department will however look into involving the Legal Department in this issue.*

*The finding also recommends that the Department establish a tracking procedure to capture the amount of revenue earned and collected according to the terms of the contract. It would be very difficult for MPHD to develop its own system for*

*tracking revenue. The concept of cost benefit would certainly come into play if the Department was to develop a system independent of the State's database. Even if MPHD was to develop such a system, it would only be an approximate measure of revenue receivable since the Department would not have adequate information as to payments made by establishments inspected. The simple fact that an establishment is inspected does not necessarily mean that their permit has been paid. The failure of the State's database leaves the MPHD with so many variables that the Department could not accurately determine an exact receivable for permit revenues. There is concern within the Department that preparing quarterly invoices based on estimates may cause the State to only pay the amount requested even though more revenue may be due.*

*While MPHD agrees with the Office of Financial Accountability that accounting practice related to State permit revenue needs to be improved, MPHD wants Metro Finance to understand that the Department has limited options available to it. The Department understands that the delays by the State in paying the Department have a negative impact the Metro Investment Pool (MIP). However, the revenue eventually collected from the State and from fees collected locally has always been enough to cover the expenditures incurred by the Department related to State permitting activities. The State is now current with their payments through April, 2013. The Department will be estimating quarterly receivables going forward and making such entries to EBS. The Department has already made receivable entries through the 4<sup>th</sup> Quarter of FY 2013."*

### **Finding**

## **2. Failed to Pass on Grant Programs Objectives and Required Contract Provisions to Subrecipients**

Our review revealed that the Public Health Department did not fully pass all applicable grant terms and conditions to the subrecipients for the following grants:

1. Pathways to Responsible Fatherhood 11-12
2. Ryan White Part A HIV Emergency Relief 12-13.

## FINDINGS, RECOMMENDATIONS & MANAGEMENT'S RESPONSE

---

The department contracted with subrecipients to perform services on its behalf under these grants but failed to pass on the grant requirements to those subrecipients.

OMB Circular A-133 Subpart D Section 400.d (1-7) dictates that pass-through entity shall perform the following for the Federal awards it makes:

- Identify federal awards, including originating Agency, CFDA numbers, original award name and number and whether or not the award is a Research & Development award.
- Inform your subrecipients of requirements imposed on them by federal laws, regulations and any particular program requirements or agency specific regulations.
- Monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that the performance goals are achieved.
- Ensure that sub-recipients expending \$500K or more in federal funding (from ALL sources, not just your organization) have met the audit requirements of Circular A-133 for their fiscal year.
- Issue a management decision on audit findings within six months after receipt of the sub-recipient's audit report and ensure that the sub-recipient takes appropriate and timely corrective action.
- Consider whether any of the sub-recipient's findings necessitate an adjustment on your organization's own financial records.
- Require that your sub-recipient permits your organization and your auditors to have access to their records and financial statements as necessary for the pass-through entity to comply with Circular A-133.

Failure to pass the grant terms and conditions to the subrecipients results in the department retaining responsibility to fulfill the grant requirements without the funds or means to do so. It also potentially jeopardizes Metro's liability due to certain contract restrictions not being passed to the sub-recipients.

**Recommendation**

The Public Health Department should take the necessary steps to ensure that all applicable grant terms and conditions are included in any contracts to sub-recipients. The department should also comply with oversight responsibilities of its role as the pass-through agency. It should establish monitoring procedures to ensure the subrecipients comply with all requirements. In addition it should document its monitoring activities.

**Management's Response**

*“MPHD concurs with this finding and will be initiating measures to ensure that all subrecipients of Federal grants operating under the umbrella of MPHD receive the information prescribed in this finding. Many of the items referenced in OMB Circular A-133 Subpart D Section 400.d (1-7) have been addressed informally. In the future they will be addressed in a more formal and specific manner.”*

**Finding**

**3. Grant Program and Contract Provisions Not Met**

The Public Health department failed to meet objectives of the Environmental Health 08-12 as discussed in Section 3A below and that of five other grants addressed under Section 3B below:

3A. The Health Department was unable provide documentation to support completion of the agreed upon program objectives as stated in the Environmental Health 08-12 grant contract scope of services . Per section A.2., *“the contractor agrees to perform the following services as indicated in Nashville and Davidson County; inspect hotels, food service establishments, swimming pools, bed and breakfast establishments, tattoo studios, body piercing establishments, organized camps, child care centers, juvenile institutions, and group homes.*

- 1. Conduct at least one regular or complete inspection every six months of every hotel, food service establishment, and bed and breakfast establishment.*

## FINDINGS, RECOMMENDATIONS & MANAGEMENT'S RESPONSE

---

2. *Conduct at least one regular or complete swimming pool inspection per month of every swimming pool in operation during any month or part thereof.*
3. *Conduct at least quarterly, a regular or complete inspection of every tattoo studio.*
4. *Conduct at least annually, a regular or complete inspection of every body piercing establishment.*
5. *Conduct a regular or complete inspection at least once prior to the opening of organized camp and at least once while said camp is in actual operation each year.*
6. *Conduct compliance inspections defined under the Non-Smoker Protection Act on those enclosed structures and permitted facilities undergoing otherwise mandated inspections.*
7. *Provide the State with information concerning the sale and accessibility of tobacco products at all establishments permitted by the State. The information shall be collected at each regular or complete inspection and reported to the State along with establishment inspection form. The information may be incorporated in the establishment inspection form or reported on a separate document.*
8. *Conduct as many follow-up, complaint, or investigative inspections of the facilities as required by statute or as requested by the State.*
9. *Conduct inspections in accordance with the laws and rules governing hotels, food service establishments, public swimming pools, bed and breakfast establishments, organized camps, tattoo studios, and body piercing establishments, as relates to the Non-Smoker Protection Act.*
10. *Conduct inspections in accordance with and identical to the requirements of T.C.A. Section 39-17-1804 et. seq., 62-38-201 et. seq., 62-38-301 et. seq., T.C.A. 68-14-501 et. seq., and 68-110-101 et. seq., the rules and regulations promulgated thereunder; and State policies and procedures.*
11. *Conduct inspections in accordance with the Tennessee Department of Human Services contract relating to the provision of environmental inspections at the child care centers and group homes.*
12. *Conduct inspections in accordance with the Tennessee Department of Children's Services contract relating to the provision of environment, food service, and swimming pool inspections of the State juvenile institutions and facilities"*

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

---

The OFA was unable to determine if the requirements had been met since the department was unable to provide a definitive listing of each type of establishment that was required to be inspected. As such, testing was inconclusive.

3B. In addition to program objectives not being met, the Health Department was in violation of Section 106 (g) of the Trafficking Victims Protection Act of 2000, as amended (22 USC 7104), according to the contract provisions, for the following five grant programs:

1. Air Pollution Control Program 105 09-11
2. Healthy Start Initiative – Eliminating Racial/Ethnic Disparities 11-12
3. Pathways to Responsible Fatherhood 11-12
4. Ryan White Part A HIV Emergency Relief 11-12
5. Ryan White Part A HIV Emergency Relief 12-13.

This act requires the recipient to track and/or determine if any employee, sub-recipient(s) or sub-recipients' employees engaged in:

1. Severe forms of trafficking in persons during the period of time the award is in effect;
2. Procurement of a commercial sex act during the period of time the award is in effect; or
3. Use of forced labor in the performance of the award or sub-awards under the award.

The department was unable to provide documentation to prove compliance with those objectives.

### **Recommendation**

The Public 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. The department should take the necessary steps to ensure that all grant award terms and conditions are followed.

**Management's Response**

*“MPHD concurs in part with this finding. It is true that the Department could not provide a listing of required inspections primarily because of the failure of the State of Tennessee’s database which was mentioned in the response to Finding 1. The Department could have compiled a list of all of its inspections, but we are not sure that the list would answer the question posed in this finding. The finding primarily requires that all establishments in Davidson County be inspected in a prescribed time frame. Without the State’s database information, it would not be possible to determine every establishment that is in need of an inspection. The Department will attempt to be as thorough as possible using the means available to it.*

*Regarding the Trafficking Victims Protection Act of 2000, there does not seem to be a concrete answer on how to proceed. Even the representatives of the Office of Financial Accountability were not sure what Metro’s policy regarding this matter is. This matter has been forwarded to the Metro Legal Department and MPHD is waiting to hear from Legal before implementing any specific procedures. In the meantime, the Department is asking its employees who are administering federal grants to contact their liaisons within the federal government to get advice on how to proceed. MPHD will also be asking grant administrators to forward the specifics of the Act to their grant sub-recipients to make them aware of the importance of the Act.”*

**Finding**

**4. Failed to Comply with Metro’s Revenue Recognition Policy**

The Public Health Department failed to establish revenue accruals for the Environmental Grant 08-12 program as required under Metro Finance Department Policy #11-Revenue Recognition. Per Policy #11, “the Metropolitan Government will follow Generally Accepted Accounting Principles for all financial accounting and reporting. In following and applying the requirement of GAAP, Metro hereby adopts and will take these measures when recognizing revenue for these major revenue categories: Metro shall accrue revenue from other governmental agencies including reimbursements and grant related revenues as soon as grant eligibility

requirements have been met and/or allowable costs have been incurred and the related services have been rendered.”

The Public Health Department grant program was a reimbursable grant; therefore, the department earned the revenue in the period for which the allowable expenses were incurred. As a result of failing to recognize the revenue in the proper period, the department's financial statements were inaccurate due to revenues being understated in one fiscal year and overstated in another fiscal year.

**Recommendation**

The Public Health Department should ensure that grant revenue is recognized in accordance to Metro Finance Department Policy #11 and should ensure that accruals are established to recognize the revenue in the proper accounting period.

**Management's Response**

*“MPHD concurs with this finding and has begun accruing an estimated receivable for the grant mentioned in this finding starting with the 4<sup>th</sup> Quarter of FY 2013 and will continue to accrue an amount each quarter going forward. As was mentioned in the response to Finding 1, MPHD can only estimate this amount because of the shortcomings of the State's database.”*

**Finding**

**5. Failed to Comply with Metro's Credit Card Policy & the Public Health Department's Purchasing Procedures**

Our tests revealed that the Public Health Department has a Kroger credit card, for which the Metro Treasurer had not approved, which is in violation of the Metro Finance Department Treasury Policy #19. The purpose of the Finance Department Policy: Treasury #19 is to establish uniform guidelines governing the issuance and use of credit cards to make purchases on behalf of Metro Nashville Government. The policy states, “The credit card administrator is the individual authorized to administer the credit card program and the Metro Treasurer is to serve as the credit card administrator.” Therefore, the department was required to seek approval from

## FINDINGS, RECOMMENDATIONS & MANAGEMENT'S RESPONSE

---

the Metro Treasurer, in advance, of acquiring a Kroger credit card. The policy guidelines also dictate the following:

1. the types of purchases that may be made;
2. the employees authorized to make the purchases;
3. the expectations of the cardholders;
4. the authorized monthly credit limit;
5. prohibited uses; and
6. required documentation for the cardholder.

The department's Kroger credit card violates several of the guidelines outlined in the policy:

1. The credit card is used to make excessive routine grocery purchases.
2. The credit card is not issued to an individual employee; rather, the credit card is issued to the Metro Public Health Department. Multiple employees use the card for purchases.
3. The Health Department has not provided any employee training that outlines the appropriate use of the card.
4. The credit card does not have either a single transaction or monthly credit limit established.
5. The credit card is used to purchase grocery items for grant funded events without proper written approval from the Department Head or the individual Grant Program Director. It must be noted that the approval of purchases tested were signed and dated well after the purchase had been made.
6. Since the card is issued to the Public Health Department and not a person, there is no one to hold liable for misuse of the credit card.

Additionally, the OFA noted various discrepancies with the Kroger credit card that violates the department's written purchasing policy.

The Public Health Departments' policy states "Grocery items should be purchased from Kroger using the Kroger Credit Card which can be checked out from the Business Office." The Business Office has a "Kroger Credit Card Checkout Sheet" that details the signature of the individual making the purchase (card recipient), the date out, the date in and the purchase amount. Through a comparison of the checkout sheet with the Kroger Credit Card Billing statement, our tests reveal that

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

---

multiple purchases were made by someone other than the employee that signed the credit card out.

The policy also states the Kroger Credit Card shall be used for “Small Purchases (Under \$250)”. The department exceeded its established credit ceiling on several occasions. Our test of the credit card checkout sheet dated from 3/5/12 to 6/16/13 noted the following purchases over \$250:

<b>Purchase Date</b>	<b>Amount</b>
3/26/2012	\$302.03
8/15/2012	\$303.91
8/24/2012	\$266.91
9/6/2012	\$274.06
12/4/2012	\$1,162.56
5/30/2013	\$393.24

### **Recommendation**

The Health Department should take the necessary steps to get the Kroger Card authorized through the Finance Department Treasury unit or eliminate the card and use the Treasury authorized credit card as intended.

### **Management’s Response**

*“The MPH D concurs with this finding. Use of the Kroger card was implemented a long time ago before credit cards were authorized. There were several activities within the Department which required food for various reasons including educational purposes and using the Kroger card facilitated these purchases. The Department has decided to suspend use of this card because of the credit card policy and the misuse exemplified in this finding.”*

## **6. Failed to Comply with Metro Grants Management Regulations**

The Public Health Department failed to follow the grants/amendments review process as required by the Metropolitan Government of Nashville and Davidson County Comprehensive Grants Management Policies and Procedures.

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

---

The policies and procedures states on page 14, under Metro Review/Approval Process that upon receipt of the original grants documents sent by the Department,

1. The Division of Grants Coordination will review the grant contract and will be responsible for moving the contract through all subsequent reviews.
2. The Deputy Finance Director and Finance Director review and approve the contract for financial issues, and the Finance Director signs the contract.
3. Risk management reviews and signs contract as to risk and insurance issues.
4. Legal reviews the contract for legality and signs the signature page.
5. The Metro Clerk signs and files the contract.

The policy further 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
Pathways to Responsible Fatherhood 11-12	Amended to remove the funding restrictions to allow grantees to attend the Entrance Conference and begin program implementation
Pathways to Responsible Fatherhood 11-12	Amended to de-obligate the funding from the wrong EIN
Pathways to Responsible Fatherhood 11-12	Amended to re-obligate the funding to the correct EIN
Pathways to Responsible Fatherhood 11-12	Amended due to Health Department requested budget revision

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

### **Recommendation**

The Public Health Department should take the necessary steps to ensure that all grant amendments go through the same approval process as the original contract.

**Management's Response**

*“The MPHD concurs with this finding. However, the Department would like to have some discussions on this matter. Many times the approval process delays revenue being received. Many times there are minor corrections needed to contracts such as spelling or, as stated in this finding, an incorrect EIN which have no effect on funding or the terms of the grant. Sometimes the approval process can take months and revenue in already established programs can be delayed significantly. The Department feels that some consideration needs to be given to materiality and the amount of approval needed based on the type of change required.”*

## APPENDIX A

Grant	Contract #	Grant Period		Award Amount	Findings
Air Pollution Control Program 105 09-11	A-00408110-0	10/1/2009	9/30/2011	\$2,715,726	Yes
Bioterrorism 10-11	34360-31711	8/1/2010	7/31/2011	\$881,600	No
Bioterrorism 11-12	34360-31712	8/1/2011	7/31/2012	\$854,300	No
Environmental Health 08-12	343.39-005-09	7/1/2008	6/30/2012	\$4,940,000	Yes
Healthy Start Initiative – Eliminating Racial/Ethnic Disparities 11-12	H49MC12836-03-00	6/1/2011	5/31/2012	\$745,672	No
Pathways to Responsible Fatherhood 11-12	90FK0035-01-00	9/30/2011	9/29/2012	\$1,589,107	Yes
Ryan White Part A HIV Emergency Relief 11-12	H89HA11433-03-00	3/1/2011	2/29/2012	\$4,765,213	No
Ryan White Part A HIV Emergency Relief 12-13	H89HA11433-04-00	3/1/2012	2/28/2013	\$4,540,588	Yes
TennCare Dental Prevention Oral Health 11-16	34360-37612	7/1/2011	6/30/2016	\$3,480,000	No
Tuberculosis Control, Prevention and Outreach Services 12	34360-37212	7/1/2011	6/30/2012	\$1,398,900	No