

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY



September 24, 2013

James L. Weatherly, Jr.
Legal Aid Society of Middle TN & the Cumberland
300 Deadrick Street
Nashville, TN 37201

Dear Mr. Weatherly:

Please find attached the Monitoring Report of the Legal Aid Society of Middle TN & the Cumberland relating to the contract it had with the Metropolitan Government of Nashville and Davidson County for the fiscal year ending June 30, 2013.

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 September 11, 2013.

We appreciate the assistance provided by your agency during the course of the review. If you have any questions, please call me at 615-862-6712.

Sincerely,

Kevin Brown

Kevin Brown
Finance Administrator

cc: Gary Housepian, 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
Fred Adom, CPA, Director, Office of Financial Accountability
Essie Robertson, Office of Financial Accountability
Brad Thompson, Office of Financial Accountability



Metropolitan Government of Nashville and Davidson County

Legal Aid Society of Middle TN & the Cumberlandns

◆ Monitoring Report ◆

Conducted by



Office of Financial Accountability

September 24, 2013

MONITORING REPORT

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INTRODUCTION

The Office of Financial Accountability (hereinafter referred to as “OFA”) has completed a monitoring review of Legal Aid Society of Middle TN & the Cumberlands. 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 Legal Aid Society of Middle TN & the Cumberlands 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-2783 | Community Enhancement Funds | \$170,000 | July 1, 2012 | June 30, 2013 |

Agency Background

Legal Aid Society is a private, non-profit organization that provides free legal services to people with low income, indigent, the elderly, victims of domestic violence, and otherwise disadvantaged persons. They do not take criminal cases, only civil cases. The agency is supported primarily through grants. It serves individuals in 48 counties in Middle Tennessee and the Cumberlands.

The organization leverages resources by coordination with bar association sponsored pro bono programs and other legal assistance resources. They also place a high priority on supporting the integrity, safety and well-being of family by providing assistance with preserving the home, obtaining housing, maintaining economic stability, preventing domestic violence, obtaining health care and encouraging family stability.

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, 2012 through June 30, 2013.

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-2783. 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, costs and services during the period were allowable and eligible.

3. Program and Performance Objectives

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

RESULTS OF REVIEW

- 260 Davidson County domestic violence victims free legal advocacy and representation in a variety of civil legal cases
- Victim Advocates will be present at a minimum of 100 weekly court dockets and will offer immediate assistance to domestic violence victims
- Publish and widely distribute 1000 informational pamphlets on domestic violence/family law that are specifically developed for victims of domestic violence in Davidson County

Based on our review of program documentation and discussions with staff, program performance objectives were not met and the agency is not in compliance with contractual program objectives. See Finding 1 for additional details.

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 complied 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.

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.

RESULTS OF REVIEW

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. Program Performance Goal Not Met

The agency failed to meet all program objectives as stated in the scope of services of the grant contract. The grant stipulated that the agency's victim advocates were to be present at a minimum of 100 weekly court dockets and to provide immediate assistance to domestic violence victims, which when annualized amounts to over 5,200 court dockets. Documentation provided to the auditor indicates the agency's victim advocates attended only 140 court dockets during the grant period.

Recommendation:

Information pertaining to program objectives in the Final Program Report should be based on attainable results and supported by written documentation. In addition in order to ensure their accurate reporting, management should review the feasibility of attaining the objectives prior to submission to the Metro Office of Grants Coordination.

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: Dennise Meyers