

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY



May 21, 2018

Melissa Blackburn, Presiding Judge
Metropolitan General Sessions Court Nashville-Davidson County
Justice A.A. Birch Building
408 Second Avenue North
Nashville, TN 37201

Dear Honorable Judge Blackburn:

Please find attached the final monitoring report on the results of the agency's federal and state grants and other financial assistance for the fiscal years 2016, 2017 and 2018. You previously reviewed the results and responded to the findings in the preliminary report. Your responses to the preliminary report have been incorporated into this final report.

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, CGMA, CICA
Director

cc: Warner Hassell, Court Administrator, General Sessions Court
Mark Winslow, Director of Mental Health and Veteran's Court, General Sessions Court
Talia Lomax-O'dneal, Director of Finance, Department of Finance
Gene Nolan, Deputy Director of Finance, Department of Finance
Kim McDoniel, Deputy Director of Finance, Department of Finance
Tony Neumaier, Budget Officer, Department of Finance
Phil Carr, Division of Accounts, Department of Finance
Mark Swann, Metropolitan Auditor, Office of Internal Audit
Kevin Brown, CMFO, CICA, CFE, Office of Financial Accountability
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Metropolitan Government of Nashville and Davidson County

METROPOLITAN GENERAL SESSIONS COURT NASHVILLE-DAVIDSON COUNTY

◆ Monitoring Report ◆

Conducted by



Office of Financial Accountability

May 21, 2018

MONITORING REPORT

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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 General Sessions Court Nashville-Davidson County (hereinafter referred to as “General Sessions Court”). The monitoring process included a review of those contracts in effect during the fiscal year ending June 30, 2016, 2017 and 2018. 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”) 2 CFR 200, “*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.*”

Department Background

According to the mission statement of the Metropolitan General Sessions Court, the court “is committed to excellence in administering justice and is a contributing partner working toward a safe and vital community in Nashville-Davidson County.” General Sessions Court is served by eleven (11) Judges that are elected to an eight year term. In addition, there are also five (5) law-trained judicial commissioners that handle the probable cause hearings in the issuance of a criminal warrant and one (1) referee that handles environmental cases and other non-traffic Metro ordinance violations. Several types of cases falls under the jurisdiction of the General Sessions Courts, ranging from traffic offenses, preliminary hearings on felony and misdemeanor cases, mental health, various alcohol and drug related cases and civil related cases up to \$25,000.

The General Sessions Court has jurisdiction over the following areas of law:

- **Criminal** – Cases in which the applicable penalty is no more than 11 months, 29 days; Preliminary Hearing; Amount and conditions of all appearance bonds; Forfeiture of property used in commission of crime; Issuance of search warrants.
- **Civil** – Civil warrants with a jurisdictional limit of \$25,000 and monetary jurisdiction is unlimited in detainer actions; Orders of Protection; Mental Health (involuntary committal); Tuberculosis Treatment (non-compliance).
- **Environmental** – Animal control, Housing code violations and Building code violations.
- **Metro Ordinances** – Traffic law violations; All other county ordinance violations.

Per the General Sessions Court 18 month report for Calendar Year 2016 thru January - June 2017, the following table provides an overview of the court’s caseload:

Caseload Overview	CY 2016	Jan. – Jun. 2017
Criminal Warrants/Citations	84,659	40,625
Traffic – Metro/State	62,547	29,730
Judicial Committals	9,298	4,462
Civil	40,886	21,991
Orders of Protection	4,017	2,170
Metro & Environmental	5,116	3,168

INTRODUCTION

Grants Reviewed

The purpose of this review was to assess the General Sessions Court's compliance with contractual requirements set forth in the following grant contracts that provided approximately \$244,000 of financial assistance to the General Sessions Court.

Davidson County Veteran Recovery Treatment Court 15-16

The General Sessions Court was awarded a \$104,000 grant with no cash match from the Davidson County Mental Health and Veteran's Court Assistance Foundation. The grant is a Federal Pass through State to the Foundation, to General Sessions Court. These funds were to be used to supplement existing Metropolitan Government General Sessions Court employee salaries that work directly with the Davidson County Veteran's Treatment Court, as well as assist in providing holistic health services for the participants of the Davidson County Veteran's Treatment Court. The period of performance was October 1, 2015 through September 30, 2016.

Davidson County Veteran Recovery Treatment Court 16-17

The General Sessions Court was awarded a \$140,000 grant with no cash match from the Davidson County Mental Health and Veteran's Court Assistance Foundation. The grant is a Federal Pass through State to the Foundation, to General Sessions Court. These funds were to be used to supplement existing Metropolitan Government General Sessions Court employee salaries that work directly with the Davidson County Veteran's Treatment Court, as well as assist in providing direct assistance to participants of the Davidson County Veteran's Treatment Court. The period of performance was October 1, 2016 through September 30, 2017.

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 General Sessions Court and, accordingly, does not express an opinion or any assurances regarding the financial statements of the General Sessions Court 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 2 CFR 200; 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 are 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 are 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 reviewed was July 1, 2015 through June 30, 2018. Although the review focused on this specific time period, certain analyses required the consideration of financial transactions outside of this time period. 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 the following discrepancies:

1. The General Sessions court staff that administered the grant also served as the administrators of the Davidson County Mental Health and Veteran's Court Assistance Foundation that was the grantor.
2. The General Sessions Court compensated some employees in excess of the maximum range for their title and job classification.
3. General Sessions Court charged excess costs to the Mental Health Court that is questionable.

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

FINDINGS, RECOMMENDATIONS, AND MANAGEMENT'S RESPONSE

1. The General Sessions court staff that administered the grant also served as the administrators of the Davidson County Mental Health and Veteran's Court Assistance Foundation that was the grantor.

Finding

During the course of the review, the OFA noted the lack of separation between the Metropolitan General Sessions Court Nashville-Davidson County and the Davidson County Mental Health and Veteran's Court Assistance Foundation. The grant is a Federal Pass through State to the Foundation, to General Sessions Court.

The Davidson County Mental Health and Veteran's Court Assistance Foundation is a 501 (c)(3) non-profit organization, that was formed in September 2014. The Foundation received a grant from the TN Department of Mental Health and Substance Abuse Services for which the foundation passed onto the General Sessions Court.

The General Sessions Court officials that administered the grant, as the grantee also served as administrators of the Foundation. Evidence shows the General Sessions employees that administered the grant from the Foundation to the Metro also communicated and signed reports of the foundation to the State of Tennessee. Monitoring reports issued by the state indicates the foundation did not maintain a general ledger or an accounting system that showed all financial transactions.

A review of the Foundation's Secretary of State filing, indicates the registered agent and the principal address are of a Metro employee and a Metro General Sessions Court address. In addition, review of the Foundations 2016 Federal 990-EZ that was completed in June 2017 revealed the following: telephone number listed is a Metro number, stating the organization's books are maintained in the care of a Metro employee and are located at a Metro address, and the name of the Foundation's Executive Director also appears to be a Metro employee. Furthermore, according the report filed with the TN Office of Charitable Solicitation identifies that Foundation's contact person as a Metro employee.

Metro general Sessions Court and the Mental Health and Veteran's Court Assistance Foundation are operating as the same.

The lack of separation gives the appearance as the agencies; without proper separation of activities between the General Sessions Court and the Foundation, the Metro Nashville Davidson County Government could potentially be liable for activities that were performed by the Foundation.

Recommendation

The Metro General Sessions Court should immediately cease any involvement with the day to day activities of the Foundation. The staff of the GSC should immediately cease performing any job related activities on behalf of the Foundation.

The GSC should further enter into a fully executed Memorandum of Understanding with the Foundation that details each agency's responsibilities.

Management's Response

We concur in part.

Upon creation of the Davidson County Mental Health and Veterans Court Assistance Foundation as the pass-through entity for funds granted by the State of Tennessee Department of Mental Health and Substance Abuse Services resulting from a U.S. Department of Justice grant, a mutual determination was made between the General Sessions Veteran's Court and the Foundation to have the previous Program Director and the subsequent current Director oversee Foundation operations with the approval of the Foundation President and Board for several reasons. Among these are:

1. Cost. The Foundation is not financially self-sufficient to the point of the ability to retain an employee to oversee Foundation activities. Diversion of funds to finance a position would have a direct negative impact upon the ability of the Foundation to provide direct critical assistance to the clients of the court, the people the program is tasked with serving.
2. Privacy. The Foundation directly reimburses providers as a function of court programs. Among these services provided are medical care, mental health therapy, dental care and substance abuse testing and counseling. Invoices for each of these functions list the court client involved, placing the court and foundation of potential violations of privacy laws if these records are maintained and processed by non-court employees or volunteers.
3. Accountability. Maintaining records on Metro property allows the court to immediately retrieve and review any documents pertaining to Foundation operations. Having Court staff process and fully understand financial details provides accountability to the Tennessee Department of Mental Health and Substance Abuse Services for the monthly invoice required to draw down funds from the TDMHSAS. No funds may be obtained under the Foundation grant contract without meticulous and accurate documentation.

FINDINGS, RECOMMENDATIONS, AND MANAGEMENT'S RESPONSE

This practice also allows the Veterans Court Judge to maintain heightened oversight of employees involved in Court and Foundation operations.

The Metro employee referenced as a concern in the preliminary findings does not have check signature authority and must have all checks signed by either the Board President or, in emergency situations, a designated Foundation Board Member. Additionally, the Foundation carries liability insurance, mitigating exposure for Metro as referenced in the preliminary findings.

By adopting these procedures, the Foundation and the Court have created a successful program that reported a 4% re-arrest rate of program participants in Fiscal Year 2017 as opposed to a re-arrest rate of more than 60% for those in the traditional justice system - without an expressed concern over financial or program structure from the grantor. As a result of the work of the Veterans Court Staff and Foundation Board, the Davidson County Veterans Court is one of only three in Tennessee to receive certification from the Tennessee Department of Mental Health and Substance Abuse Services. Certification requires full compliance, to the satisfaction of TDMHSAS officials, of all programmatic standards, Title VI requirements as well as financial and accounting practices. The Foundation has been found to be in full compliance with each. A review of the records maintained onsite will confirm full compliance. The Foundation and the Court wholly reject any assertion or suggestion that any improper actions have occurred or funds granted to Metro have been misused.

Subsequent actions to be taken that address the Grant Review findings will be the following:

1. A fully executed Memorandum of Understanding between the General Sessions Court and the Foundation will be developed clearly defining each agency's responsibilities.
2. The Foundation has already taken steps to remove all Metro employees, Metro addresses and phone numbers from registration with all state agencies and the Internal Revenue Service.

Auditor's Rebuttal

Since the Foundation, the grantor, is a separate entity independent of the Court, the cost of operating the Foundation should be outside the scope of concerns of the Court.

It is recommended that Court staff should not execute any actions on behalf of the Foundation, even if there is an MOU in place between the two entities.

FINDINGS, RECOMMENDATIONS, AND MANAGEMENT'S RESPONSE

It is appropriate for the Court staff to provide any necessary program records to the Foundation as required, however the Court staff should not have to provide any documentation or reports directly to the Tennessee Department of Mental Health and Substance Abuse Services on behalf of the Foundation. This is necessary to ensure accountability and the independence of the persons representing the two entities.

It must be noted that the Foundation made a change to the business license with the Tennessee Secretary of State's office, removing the metro employee as the registered agent on April 12, 2018 in response to the preliminary report. However the newly appointed registered agent for the Foundation is a Metro councilmember. Additionally, the official records indicate a Metro employee is still the principal officer and the addressee for correspondence for the Foundation, as of date of the issue of this report, May 21, 2018. In other words, recent changes to the Foundation's registration with the Secretary of State's Office still, do not provide sufficient separation between the Court and the Foundation.

It is recommended that Metro staff currently noted as the primary contact and addressee for the Foundation and the registered agent of the Foundation should be changed to individuals not associated with Metro Nashville and Davidson County Government. This practice will provide the best internal control environment between the two entities.

2. The General Sessions Court compensated some employees in excess of the maximum range for their title and job classification.

Finding

The Metro General Sessions Court provided compensation to some employees of the Veteran's Court in excess of their approved annual salary through the use of pay code 10 (regular pay adjustment – lump sum). As a result, the employee's actual compensation for the year exceeded their annual salary and in some cases exceeded the maximum allowed in accordance to Metropolitan Government of Nashville & Davidson County's approved FY 2016 and FY 2017 annual pay plans. There was no evidence of that extra compensations was for overtime, mostly exempt employees anyway, and in instance where staff appeared to have worked extra hours they accrued comp time.

FINDINGS, RECOMMENDATIONS, AND MANAGEMENT'S RESPONSE

The following tables provide the details for both the 15-16 and 16-17 grants:

Davidson County Veteran's Recovery Treatment Court 15-16						
Employee	Job ID Code	FY 2016 Salary	FY 2016 Actual (Regular) Compensation	Compensation exceeding FY2016 Salary	Maximum Salary per Job Classification FY2016 Approved Pay Plan	Compensation Exceeding Pay Plan
Employee A (Approx. 9.5 months)	07376 Program Manager 1	\$ 57,921.11	\$ 78,448.70	\$ 20,527.59	\$ 64,539.17	\$ 13,909.53
Employee B (Approx. 2.5 months)	07376 Program Manager 1 (Partial Year)	\$ 49,648.54	\$ 14,494.39	\$ (35,154.15)	\$ 64,539.17	\$ (50,044.78)
Employee C	10124 Office Support Specialist 2	\$ 40,538.37	\$ 49,212.09	\$ 8,673.72	\$ 47,908.79	\$ 1,303.30
Employee D	09020 Seasonal/Part- Time	19.630/hour	\$ 21,004.10	NA	NA	NA
Employee E	07241 Admin Assistant	\$ 42,178.09	\$ 45,181.80	\$ 3,003.71	\$ 53,062.48	\$ (7,880.68)
Employee F	07260 Social Worker 2	\$ 46,259.74	\$ 48,367.73	\$ 2,107.99	\$ 53,062.48	\$ (4,694.75)
Employee G	09020 Seasonal/Part- Time	14.31/hour	\$ 9,272.88	NA	NA	NA

FINDINGS, RECOMMENDATIONS, AND MANAGEMENT'S RESPONSE

Davidson County Veteran's Recovery Treatment Court 16-17						
Employee	Job ID Code and Title	FY 2017 Salary	FY 2017 Actual (Regular) Compensation	Compensation exceeding FY2017 Salary	Maximum Salary per Job Classification FY2017 Approved Pay Plan	Compensation Exceeding Pay Plan
Employee B	07376 Program Manager 1	\$ 52,723.27	\$ 89,595.93	\$ 36,872.66	\$ 66,539.88	\$ 23,056.05
Employee C	10124 Office Support Specialist 2	\$ 43,735.21	\$ 53,549.93	\$ 9,814.72	\$ 50,166.70	\$ 3,383.23
Employee D	10853 Social Worker	\$ 42,082.88	\$ 43,316.03	\$ 1,233.15	\$ 54,707.42	\$ (11,391.39)
Employee E	07241 Admin Assistant	\$ 47,216.88	\$ 49,398.76	\$ 2,181.88	\$ 54,707.42	\$ (5,308.66)
Employee F	10853 Social Worker	\$ 49,124.60	\$ 65,206.68	\$ 16,082.08	\$ 54,707.42	\$ 10,499.26

Recommendation

The General Sessions Court should immediately review the compensations of the Veteran's Court staff and ensure that they are compliant with the approved Metropolitan Government of Nashville & Davidson County pay plans.

The General Sessions Court should further ensure that employee's compensation for regular pay agrees to their approved and budgeted annual salary amounts.

Management's Response

We concur in part. We reviewed our grant records and we could not find any directives about utilizing the salary distribution process since the first grant was initiated. However, we have already submitted a request to Metro Human Resources to reclassify the impacted employees with new job titles and classifications so that their new salary range will encompass the employees' compensation. As a result, no employees' total compensation will exceed the maximum for the job title and classification. It is anticipated that this change will be implemented and effective on or immediately after the Metro pay period ending 4/20/2018.

FINDINGS, RECOMMENDATIONS, AND MANAGEMENT'S RESPONSE

Action Taken to Address Salary Labor Distribution for FY 2018						
Effective For Pay Period Ending on or after 4/20/18						
		FY 2018 Gen. Fund		Grant		
		Current Salary	Gen. Fund	Compensation	Grant Comp.	Total
	New Job ID Code & Job Title	BU 27310200	% of Total	BU 27310110	% of Total	Compensation
Employee A	No longer an employee					
Employee B	10863 Admin. Serv. Div. Mgr	54853.29	63%	32670.04	37%	87523.33
Employee C	07720 Admin. Specialist	45921.93	85%	8029.38	15%	53951.31
Employee E	No longer an employee					
Employee F	07242 Admin. Serv. Manager	51109.23	72%	19812	28%	70921.23
Employee D	07244 Admin. Serv. Officer 3	43783.03	92%	3634.55	8%	47417.58
*Note: Employee D was funded 100% by Grant until FY 2018						

Auditor's Rebuttal

According to the grant award letter from the Foundation dated October 2, 2017, the current grant is a one-year State of Tennessee pass through the Foundation grant, which ends June 30, 2018. If the grant is not renewed, the Court could have insufficient funds to cover the portions of those positions currently funded by the grant. This should be closely examined by the Court if it wishes to retain these employees at the noted salary levels at the grant expiration date.

3. General Sessions Court charged excess costs to the Mental Health Court that is questionable.

Finding

The General Sessions Court charged excessive cost to the Mental Health Court. The employees of the Davidson County Mental Health Court also perform work on behalf of the Davidson County Veteran's Court. The employees' salaries were budgeted and funded by the Mental

FINDINGS, RECOMMENDATIONS, AND MANAGEMENT'S RESPONSE

Health Court at one hundred percent (100%). Upon acceptance of the Veteran's Court grant from the Foundation, the General Sessions Court utilized the funding to provide additional compensation to the employees in excess of their approved salaries, while continuing to allocate and charge 100% of the employee's salary to the Mental Health Court.

The General Sessions Court was unable to provide documented activity records to reflect the amount of time each employee worked within both programs for each pay period. The OFA utilized allocation percentages provided by the General Sessions Court based upon their estimation for each employee's time. As stated in Finding 2, the General Sessions Court provided compensation in excess of the employee's approved salary and in some cases in excess of the maximum allowed for their positions according to the respective approved pay plans. The OFA allocated the total compensation that each employee received based upon the percentages that the General Sessions Court provided. As a result, the General Sessions Court allocated and charged questioned cost to the Mental Health Court totaling \$47,120.71 during the grant year of October 1, 2015 through September 30, 2016 and \$54,205.46 during the grant year of October 1, 2016 through September 30, 2017. The questioned cost from each grant year represents compensation and benefits that should have been charged to the Veteran's Court but was rather charged to the Mental Health Court, based upon the estimated allocation of time spent by the employee for the two programs.

FINDINGS, RECOMMENDATIONS, AND MANAGEMENT'S RESPONSE

The following table provides the details for both grants:

Schedule of Excessive Mental Health Court Employee Compensation during the period of 10/01/2015 - 09/30/2016					
Employee	100% of Employee Compensation	Cost to Mental Health Court/Judges Administration based on allocation percentages	Compensation allocated to the Mental Health Court/Judges Administration Business Units	Excessive Cost (Compensation allocated to the Mental Health Court/Judges Administration BU's in excess of Cost)	Comments (For Grant Year 10/01/2015 - 09/30/2016)
Employee A	\$ 54,075.33	\$ 21,630.13	\$ 32,934.37	\$ 11,304.24	60% Veteran Court and 40% Mental Health Court
Employee C	\$ 52,002.19	\$ 41,601.75	\$ 43,583.74	\$ 1,981.99	20% Veteran Court and 80% Mental Health Court
Employee F	\$ 51,777.73	\$ 31,066.64	\$ 48,330.48	\$ 17,263.84	40% Veteran Court and 60% Mental Health Court
Employee B	\$ 38,275.04	\$ 15,310.02	\$ 22,490.37	\$ 7,180.35	60% Veteran Court and 40% Mental Health Court
Employee E	\$ 47,356.47	\$ 42,620.82	\$ 44,160.93	\$ 1,540.11	10% Veteran Court and 90% Judges Administration
Employee D	\$ 31,996.90	\$ -	\$ -	\$ -	100% Veteran Court
Employee G	\$ 9,272.88	\$ -	\$ -	\$ -	100% Veteran Court
Employee H	\$ 2,298.00	\$ -	\$ -	\$ -	100% Veteran Court
Employee I	\$ 942.00	\$ -	\$ -	\$ -	100% Veteran Court
				\$ 39,270.53	Excessive Cost - Compensation
				\$ 2,434.77	Social Security 6.2%
				\$ 569.42	Medicare 1.45%
				\$ 4,845.98	Pension Cost 12.34%
				\$ 47,120.71	Total Excessive Cost

FINDINGS, RECOMMENDATIONS, AND MANAGEMENT'S RESPONSE

Schedule of Excessive Mental Health Court Employee Compensation during the period of 10/01/2016 - 09/30/2017					
Employee	100% compensation Paid to Employee	Cost to Mental Health/Judges Administration based on allocation percentages	Compensation allocated to the Mental Health Court/Judges Administration Business Units	Excessive Cost (Compensation allocated to Mental Health/Judges Administration)	Comments (For Grant Year 10/01/2016 - 09/30/2017)
Employee B	\$ 88,750.97	\$ 35,500.39	\$ 55,324.58	\$ 19,824.19	60% Veteran Court and 40% Mental Health Court
Employee D	\$ 45,019.59	\$ -	\$ 11,787.72	\$ 11,787.72	100% Veteran Court
Employee C	\$ 54,914.16	\$ 43,931.33	\$ 46,730.09	\$ 2,798.76	20% Veteran Court and 80% Mental Health Court
Employee F	\$ 71,682.54	\$ 43,009.52	\$ 51,988.38	\$ 8,978.86	40% Veteran Court and 60% Mental Health Court
Employee E	\$ 48,183.28	\$ 43,364.95	\$ 45,150.40	\$ 1,785.45	10% Veteran Court and 90% Judges Administration
				\$ 45,174.98	Excessive Cost - Compensation
				\$ 2,800.85	Social Security 6.2%
				\$ 655.04	Medicare 1.45%
				\$ 5,574.59	Pension Cost 12.34%
				\$ 54,205.46	Total Excessive Cost

Recommendation

The General Sessions Court should immediately cease the practice of providing additional compensation to its employees but rather shall begin allocating its employee's salary and benefit cost to the appropriate program based upon work performed.

The General Sessions Court should implement a process to track each employee's daily activities to ensure that the allocation of cost is properly assigned to the responsible program.

Management's Response

We concur in part. This finding is interrelated to finding #2 and it will be addressed effective on or after the pay period ending 4/20/2018 and the full implementation of the salary distribution method of compensation. The Veteran's Court grant fully reimbursed the Mental Health Court General Fund costs during the course of each grant period. Our Metro accounting records reflect the journal entry of all salary and benefit related costs from the Veteran's Grant to the Mental Health Court during the course of each grant period. However, we shall begin allocating the impacted employee's salary and benefit cost to the appropriate program on or after the pay period ending 4/20/2018.

Auditor's Rebuttal

Metro accounting records reflect that the Veteran's Court program's salary and benefit costs that were reported to the Foundation were originally recorded in the general ledger for the Mental Health Court and then transferred to the appropriate general ledger for the Veteran's Court by journal entry each month. This is the opposite of what is explained as being done in the response to the finding. Since the grants were reimbursement grants, the General Sessions Court was required to incur grant expenditures prior to obtaining the grant funds from the grantor. The Court utilized Metro's general funds to cover grant expenditures until the grantor reimbursed the Court.

In addition, the General Sessions Court's practice of providing additional compensation to the employees in excess of their approved salaries, while continuing to allocate and charge 100% of the employee's salary to the Mental Health Court, without taking into account the employee's work activities, resulted in excessive salary and benefit cost in the Mental Health Court's general ledger. The excessive costs, which represents employees' salaries and benefits for the time and effort spent for work performed for the Veteran's Court program, was charged to the Mental Health Court and have not been reallocated in the general ledger as of May 21, 2018.

APPENDIX A

Grant Name	Award	Grant No. or Resolution Number	Budget Period (Grant Period)	Findings
Davidson County Veteran Recovery Treatment Court 15-16	\$104,000	RS2015-2	10/01/2015 – 09/30/2016	Yes
Davidson County Veteran Recovery Treatment Court 16-17	\$140,000	RS2016-387	10/01/2016 – 09/30/2017	Yes