



Metropolitan Government of Nashville and Davidson County

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◆ Monitoring Report of ◆

Nashville Public Television

Issued by



**Office of Support Services
Division of Grants Monitoring**

March 27, 2002

Fred Adom, CPA
Director

Rhonda Pope,
Lead Auditor

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

BILL PURCELL
MAYOR



METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DEPARTMENT OF FINANCE
222 3rd Avenue North, Suite 650
Nashville, TN 37201

March 27, 2002

Mr. Ben Rechtner, Chairman
Nashville Public Television, Inc.
161 Rains Avenue
Nashville, TN 37203

Dear Mr. Rechtner:

Please find attached the Monitoring Report of Nashville Public Television, Inc., relating to the contract it has with The Metropolitan Government of Nashville and Davidson County for the fiscal year ending June 30, 2002. The Division of Grants Monitoring (DGM) is charged with the responsibility of monitoring grant funds from Metropolitan Nashville Government to any nonprofit organizations, which receives appropriations from the Metropolitan Nashville and Davidson County government. DGM is also responsible for monitoring the federal and state grants to departments within the Metropolitan Nashville Government. Staff from the Division of Grants Monitoring conducted the review on February 14, 2002.

We appreciate the assistance provided by your agency during the course of the review. If you have any questions, please call me at 615-862-6170.

Sincerely,

Fred Adom
Director

cc: Steve Bass, President & CEO
Charles Brumbelow, Vice President & CFO
David Manning, Director of Finance
Nancy Whitemore, Assistant Director of Finance
Joe Holzmer, Division of Accounts
Kim McDoniel, Internal Audit
Rhonda Pope, Division of Grants Monitoring

**Monitoring Report
For
NASHVILLE PUBLIC TELEVISION, INC**

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OBJECTIVES, SCOPE AND METHODOLOGY

The Division of Grants Monitoring (herein after referred to as DGM) is charged with the responsibility of monitoring grant funds from Metropolitan Nashville Government to any nonprofit organizations, which receive appropriations from the Metropolitan Nashville and Davidson County government. DGM 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 Nashville Public Television, Inc., for the year ended June 30, 2002. A monitoring review is substantially less in scope than an audit. DGM did not audit the financial statements and accordingly, does not express an opinion or any assurance regarding the financial statements of Nashville Public 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

RESULTS OF MONITORING

The results of the monitoring tests include conclusions regarding the key objectives, recommendations for improvement and an action plan for implementing the conclusions:

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 Nashville Public Television possesses the necessary resources and expertise to administer the grants funds. The fiscal operations are staffed with a certified public accountant, a part-time accountant, and a director. The agency fiscal staff has several years of experience in grant accounting. The agency uses Champion Controller accounting software.

The agency has close board oversight and active participation, as evidenced in the review of the agency's board minutes. We reviewed board minutes from 6/21/01 through 1/21/02. We also reviewed the audited financial statements of the agency for the period ending 6/30/00 and 6/30/01. Based on review of the audited financial statements and solvency tests performed, the agency is solvent and has a positive cash flow.

2. Allowable and Eligible costs and services

DGM normally reviews for the agency's compliance with any specific requirements outlined in the grant contract. The contract between Metropolitan Nashville Government and Nashville Public Television, Inc., for the year ended June 30, 2002, did not hold Nashville Public Television to any specific requirements and/or compliance with grants manual with the exception of submission of an annual audited financial statements. Our review determined that Nashville Public Television was in compliance with this requirement.

We determined that the agency is submitting annual audited financial statements as required. We reviewed the audited financial for fiscal years ending 6/30/00 and 6/30/01. We performed various tests of the agency's operating expenditures by testing various cost categories on a sample basis. We noted that the agency does have written accounting policies and procedures, however they were very fragmented. Our testing did not reveal any improper use of metro funds.

Also the contract did not specify for the separate accounting of the Metropolitan Nashville Government grant funds or prohibit co-mingling of the Metro Funds with other sources of funding, therefore the agency used these funds to support general operations. As a result, we could not segregate and account for the expenditures separately funded with Metro dollars. Our review covered all of the core compliance areas identified by OMB Circular A-133, Audits, of States, Local Governments, and Non-Profit Organizations.

3. Program objectives being met

The contract between Metropolitan Nashville Government and Nashville Public Television, Inc., for the year ended June 30, 2002, did not hold Nashville Public Television, Inc., to any specific Program objectives other than for the general welfare of the 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

There were no financial and/or programmatic reporting requirements placed on Nashville Public Television, Inc. The contract only called for submission of an annual audit report performed by a Certified Public Accountant. There was no monthly, quarterly or annual reporting of the uses of the funds back to

Metro Government. The agency did however submit a report to the Metropolitan Board of Education summarizing the results of its operations for the period ending 6/30/01. Due to the lack of specific requirements on Nashville Public Television, Inc., we were unable to determine whether Metro Funds were used for any unauthorized purposes or not. However, nothing came to our attention to indicate that the funds were used for any unintended purposes or any thing that would indicate non-compliance with OMB Circular A-122, Cost Principles for Non-Profit organizations.

5. Reliability of internal controls

Our review of the internal controls of Nashville Public Television did not reveal anything to indicate any weaknesses in their internal controls. The agency has policies and procedures in place to account for its funds. We tested various areas of compliance with the agency's policies and procedures and determined that the agency is adhering to its policies and procedures. The agency has good segregation of duties and approval processes in place. The agency's internal control mechanisms allow for proper accounting and safeguarding of agency assets.

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 Nashville Public Television was not in compliance with civil rights requirements. We noticed the necessary postings of the Non Discrimination Posters. Also the agency had a non-discrimination policy and the Human Resources Director is responsible for handling and resolving any complaints made against the agency.

RECOMMENDATIONS

- 1) Metropolitan Government of Nashville and Davidson County should revise the provisions of the contract with Nashville Public Television, Inc., to include, but is not limited to the following:
 - a) Specific provisions for program outcomes
 - b) Specific financial reporting requirements, including format, frequency and type of cost.
 - c) Specific programmatic reporting requirements, including format, frequency and type of information
 - d) Reference to compliance requirements that Nashville Public Television, Inc., will be subject to.

- 2) Metropolitan Government of Nashville and Davidson County should develop a Grants Manual that will outline the minimum and general expectations and requirements of all grant recipients of Metro Funds. This manual should address allowable and unallowable costs and cost principles to be followed by all nonprofit recipients of Metro funds.

- 3) Metropolitan Government of Nashville and Davidson County should develop a consistent process by which Nashville Public Television, Inc., and other Nonprofits request funds to administer the programs.

- 4) Nashville Public Television should develop a comprehensive accounting manual.