

BILL PURCELL
MAYOR



METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DEPARTMENT OF FINANCE
OFFICE OF FINANCIAL ACCOUNTABILITY
222 3RD AVENUE NORTH, SUITE 315
NASHVILLE, TN 37201

May 7, 2004

Mr. William Denny, Co-Chair, Board of Directors
and
Jeffrey Levy, Co-Chair, Board of Directors
Domestic Violence Intervention Center
917 Tyne Blvd.
Nashville, Tennessee 37220

Dear Mr. Levy:

Please find attached the Monitoring Report for the Domestic Violence Intervention Center. This report provides the results of our review of the Center's grant contract with the Metropolitan Government of Nashville and Davidson County for the fiscal year ending June 30, 2003. The Division of Grants Monitoring is responsible for monitoring grant funds from Metro Government to any nonprofit organization that receives grant appropriations. Staff from our office conducted the on-site review on September 24-25, 2003.

We appreciate your cooperation and the assistance provided us by your agency during the course of the review. We hope you find the results of the review useful for administering grants for the Domestic Violence Intervention Center. If you have any questions, please call me at (615) 880-1035.

Sincerely,

Fred Adom, CPA
Director

cc: , Domestic Violence Intervention Center
Susan Canon, Executive Director, Domestic Violence Intervention Center
David L. Manning, Director of Finance, Metro Government
Talia Lomax-O'dneal, Assistant Director of Finance, Metro Government
Kim McDoniel, Audit Manager, Metro Government
Mitzi Martin, Chief Accountant, Metro Government
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Metropolitan Government of Nashville and Davidson County

◆ Monitoring Report of ◆

Domestic Violence Intervention Center

Issued by



Office of Financial Accountability

May 7, 2004

Fred Adom, CPA
Director

Lead Auditor:
LaShawn Barber

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

MONITORING REPORT
FOR THE
DOMESTIC VIOLENCE INTERVENTION CENTER

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EXECUTIVE SUMMARY

The Office of Financial Accountability (hereinafter referred to as “OFA”) has completed a monitoring review for the Domestic Violence Intervention Center (hereinafter referred to as “DVIC” or “agency”). The OFA conducted its monitoring review along the major compliance areas identified in the Office of Management and Budget (OMB) Circular A-133, “Audits of States, Local Governments, and Non-Profit Organizations” and in accordance with Generally Accepted Government Auditing Standards and the Metro Grants Manual of the Metropolitan Government of Nashville and Davidson County (hereinafter referred to as “Metro”).

Overview of the Agency

The Domestic Violence Intervention Center, established in 1996, is a nonprofit organization whose mission is to end domestic violence through five (5) programs or groups: Batterers group counseling, victim services, group counseling for girls and boys, date violence prevention, and family counseling.

For many years, the DVIC, formerly known as PEACE, Inc., has received financial support from Metro. For the fiscal year ending June 30, 2003, the agency requested and received an increase in the Metro appropriation to support its activities. Overall, the agency’s disbursements are for support groups, operating supplies, rent, and other administrative costs. The grant budget allotted funds for various line items, including operational as well as administrative expenses. The agency established various program goals, including serving over 7,000 men, women, and teenagers in the Nashville community.

Objectives, Scope, and Methodology

A monitoring review is substantially less in scope than an audit. The OFA did not audit DVIC’s financial statements and, accordingly, does not express an opinion or any assurances regarding the financial statements of DVIC or Metro. The OFA is responsible for monitoring the direct appropriations awarded by the Metro Council to nonprofit organizations. The OFA is also responsible for monitoring Metro departments that receive Federal and State grants and financial assistance, including cooperative agreements. In summary, any agreement(s) that imposes performance and/or financial requirements on Metro government is subject to review by the OFA.

The monitoring objectives for this review were as follows:

- To determine whether the agency possesses the resources and capacity to administer the grant funds
- To determine if services and costs reported are allowable and eligible
- To determine whether the agency is meeting program objectives
- To determine the reliability of financial reports
- To determine the reliability of internal controls
- To determine contractual compliance

Our review covered the agency’s operations and expenses as of May 31, 2003, while the grant period was from July 1, 2002 through June 30, 2003.

To accomplish the objectives of the monitoring review, the OFA conducted a site visit to review all supporting documentation and to interview key DVIC staff. The OFA obtained an understanding of the agency’s operations through interviews and inquiries, physical inspection of accounting records and supporting documentation, and observation of operations and controls in place.

Monitoring Review Highlights

Our review revealed minor discrepancies in the financial operations for the DVIC related to internal controls. Specifically, we found that the agency should improve in its documentation for disbursements and adherence to internal accounting and/or purchasing policies. These issues are discussed in the “Results of Monitoring” section which provides an overview of the overall results of the tests and analyses conducted to meet our review objectives.

RESULTS OF MONITORING

The overall results of the monitoring review for the DVIC are provided in this section. These results are based on tests performed and include conclusions regarding specific review objectives and, if applicable, recommendations for improvement.

1. Resources and capacity to administer the grant funds

Our review of the agency's accounting system, the qualifications of the individuals assigned to manage the accounting records, and observation of the procedures in place indicate that the DVIC has the necessary resources and ability to administer the Metro grant funds. We found that the agency uses Peachtree accounting software to record financial transactions. We also noted that the agency's bookkeeper is employed with the agency in a programmatic capacity. This individual has several years of accounting experience and, based on observation during the review, adequately performs the fiscal functions. According to the minutes for the Board of Directors meetings from July 1, 2002 through May 31, 2003, the DVIC appears to have close Board oversight and active Board participation.

Further, the agency appears to have the necessary capacity to administer the grant funds. We noted that the DVIC had a positive fund balance and appears to be sufficiently solvent, based on our review of the DVIC's audited financial statements for the year ended June 30, 2002.

2. Allowable and eligible services and costs

The contract between Metro and the DVIC for the period ending June 30, 2003 was for operating costs in various line items, including salaries, postage, supplies, and occupancy. Without more specific requirements as to the use of the grant funds, our tests reviewed a sample of all disbursements made by the agency as of May 31, 2003. Based on these tests, we found that the costs incurred appear to comply with applicable guidelines, including OMB Circulars A-122 and the Metro Grants Manual.

Per the Metro Grants Manual, the accounting system used by Metro grant recipients must avoid the commingling of Metro funds with other sources of funding. It appears the agency separately accounts for grant funds received; however, the grant-related expenses are intermingled with the agency's general operating expenses. Since the Metro grant contract was not more specific as to the scope of services, the OFA notes no finding in this respect.

3. Program objectives

Based on the auditor's observations of the agency's operations and the related program reports, the agency appears to be accomplishing its programmatic objectives. During the site visit, the auditor reviewed the DVIC's documentation of program accomplishments.

4. Reliability of financial and programmatic reporting

Our review of a sample of financial reports submitted by the DVIC revealed no discrepancies or issues of noncompliance. We noted, however, that the total expenditures reported did not always agree with the amounts recorded in the agency's official accounting records. After further review, we determined that total expenditures in the specific line items budgeted by the agency exceeded the grant award by over \$180,000 as of May 31, 2003; therefore, no problem is noted.

Per the Metro contract, the DVIC is required to submit a final expenditure report and a final program report within 45 days of the close of the grant period. Since the grant period had not closed as of our review date, the DGM could not determine compliance with these reporting requirements; a review of the agency's compliance with this requirement was reviewed at another time and a separate report will be issued.

RESULTS OF MONITORING

5. Reliability of internal controls.

Overall, we found that the agency's operations are well managed and incorporates adequate internal controls. The agency has established some segregation of duties and the appropriate approval processes are in place. The Executive Director and Board Treasurer regularly review the accounting records and an external accounting firm conducts an annual audit of the fiscal records. A more in-depth review of the DVIC's operations revealed some minor weaknesses in internal controls such as adherence to internal policies and procedures and documentation. Overall, we found the agency should more effectively ensure that approval for each disbursement is evident within the supporting documentation. We also recommend the agency ensure adequate supporting documentation is maintained for its disbursements (such as contracts, payment rates, etc.). Finally, the DVIC should also ensure it adheres to its policies on bids for purchases over \$1,000.

6. Contractual compliance.

Overall, the OFA found the agency in compliance with the contract requirements. The purpose of the Metro grant was to provide services "which will work to end domestic violence in...a coordinated community wide effort." The DVIC has complied with this scope of services, based on our inquiry and review of programmatic reports. The Metro contract requires compliance with civil rights regulations and further requires the agency to show proof and post notices of nondiscrimination. The OFA noted no specific instances of noncompliance with these contractual requirements. We identified the necessary postings at the agency and observed the agency's employee handbook, which both include nondiscrimination policies.