

BILL PURCELL
MAYOR



METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DEPARTMENT OF FINANCE
OFFICE OF FINANCIAL ACCOUNTABILITY
222 THIRD AVENUE NORTH, SUITE 650
NASHVILLE, TENNESSEE 37201

November 1, 2006

Katie Edge, Chairperson Board of Directors
Legal Aid Society of Middle TN and the Cumberlands
300 Deadrick Street
Nashville, TN 37201

Dear Ms. Edge:

Please find attached the Monitoring Report of the Legal Aid Society of Middle Tennessee and the Cumberlands relating to the contract it has with the Metropolitan Government of Nashville and Davidson County for the fiscal year ending June 30, 2006.

The Office of Financial Accountability (OFA) is charged with the responsibility of monitoring grant funds from Metropolitan Nashville Government to any nonprofit organizations. The OFA is also responsible for monitoring the federal and state grants to departments within the Metropolitan Nashville Government. Staff from the OFA conducted the review on September 5, 2006.

We appreciate the assistance provided by your agency during the course of the review. If you have any questions, please call me at 615-880-1035.

Sincerely,

Fred Adom

Fred Adom
Director

cc: Ashley Wiltshire, Executive Director
David Manning, Director of Finance
Talia Lomax-O'dneal, Deputy Director of Finance
Kim McDoniel, Assistant to the Director of Finance
Don Dodson, Internal Audit
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◆ Monitoring Report of ◆

Legal Aid Society of Middle Tennessee and the Cumberlandands

Issued by



Office of Financial Accountability

November 1, 2006

Fred Adom, CPA
Director

Kevin Brown,
Lead Auditor

Monitoring Report
for the
Legal Aid Society of Middle Tennessee and the Cumberland

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OBJECTIVES, SCOPE AND METHODOLOGY

The Office of Financial Accountability (herein after referred to as OFA) 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. The OFA 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 the Legal Aid Society of Middle TN and the Cumberlandns for the year ended June 30, 2006. 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 assurance regarding the financial statements of the Legal Aid Society of Middle TN and the Cumberlandns. 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

The review was limited to the Metropolitan Government of Nashville and Davidson County grant L-1396 in the amount of \$25,000.00 to the Legal Aid Society of Middle TN and the Cumberlandns for the fiscal year ending June 30, 2006. The Legal Aid Society of Middle TN and the Cumberlandns is a non-profit organizations that provides legal services and assistance to elderly, low income, domestic violence victims, and other disadvantaged segments of the Tennessee population. According to the bylaws of the agency, services provided include advice, counsel, representation, advocacy, and community education and development. The Legal Aid Society of Middle TN and the Cumberlandns also works to encourage private attorneys' voluntary pro bono services. In the fiscal year 2006, the Legal Aid reported 2,188 cases opened, the majority of which were family related (i.e., adoption, divorce, spousal support). To accomplish our objectives of the monitoring review we:

- Interviewed the officials responsible for the grant management, financial reporting, and accountability.
- Reviewed controls and supporting documentation of expenditures for allowability, necessity and reasonableness of the costs incurred.
- Reviewed operations and activities offered by the Legal Aid Society of Middle TN and the Cumberlandns and its compliance with the intended beneficiaries of the grant funds.
- Reviewed the financial stability of the Legal Aid Society of Middle TN and the Cumberlandns and its ability to continue to administer the grant program funded by Metro.
- Reviewed the agencies General Ledger to verify the accuracy of the agencies invoices submitted to Metro.

RESULTS OF MONITORING

Our review did not reveal any findings of noncompliance. The Results of Monitoring section presents brief summaries of results of the testing performed including conclusions regarding the key objectives, recommendations for improvement and an action plan for implementing the conclusions. The results of the monitoring are listed below:

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, indicates that the Legal Aid Society of Middle TN and the Cumberland possesses the necessary resources and expertise to administer the grants funds. We found that the agency uses Great Plains accounting software to record financial transactions. According to the minutes for the Board of Directors meetings from July 2005 through June 2006, the Legal Aid Society of Middle TN and the Cumberland appear to have close Board oversight and active Board participation. Further, the agency appears to have the necessary capacity to administer the grant funds.

2. Allowable and Eligible costs and services

The contract between Metropolitan Nashville Government and the Legal Aid Society of Middle TN and the Cumberland for the year ended June 30, 2006 was for occupancy cost. Our tests covered the financial reports submitted to Metro for the grant period. Based on these tests, we found that the cost incurred and reported comply with applicable guidelines, including OMB Circular A-122 and the Metro Grants manual.

The grants manual specifies for the separate accounting of the Metropolitan Nashville Government grant funds to prohibit co-mingling of the Metro Funds with other sources of funding. The agency is in compliance with this requirement of the grants manual. The agency has established different revenue classes as well as expenditure classes, so the agency can accurately track the sources and amounts of their funding. Also, the agency can easily and accurately report their expenses supported by the Metro Appropriation. Our review covered all of the core areas compliance areas identified by OMB Circular 133 Audit of States, Local Government, and Non-Profit Organizations.

3. Program objectives being met

The contract between Metropolitan Nashville Government and the Legal Aid Society of Middle TN and the Cumberland for the year ended June 30, 2006, stipulates that the Grantee is to provide "services that enforce and defend the legal rights of low-income and elderly people." Based on interviews with the Grantee's staff and the review of the agencies documentation, the Legal Aid Society of Middle TN and the Cumberland appears to have diligently strived to achieve this goal. During the fiscal year 2006, the Legal Aid opened 2,188 cases.

4. Reliability of financial and programmatic reporting

The contract called for submission of an annual audit report performed by a Certified Public Accountant. The Legal Aid Society of Middle TN and the Cumberland is required to submit to Metro reports of the program outcome and a final expenditures report 45 days after the close of the contract. Our review determined that the Legal Aid Society of Middle TN and the Cumberland was in compliance with this requirement.

RESULTS OF MONITORING

5. Reliability of internal controls

Our review of the internal controls of the Legal Aid Society of Middle TN and the Cumberlandds did not reveal any weaknesses in their internal controls. The agency has properly segregated accounting duties and the appropriate approval processes are in place. The OFA reviewed the agency's employee handbook. This manual covers administrative policies and procedures, including instructions to staff on personnel and fiscal matters.

6. Contractual compliance

Due to the specific program objectives that were outlined in the grant, we were able to verify that the agency is in compliance with the terms of the contract.

7. Civil rights requirements

Our review did not reveal anything to indicate that the Legal Aid Society of Middle TN and the Cumberlandds was not in compliance with civil rights requirements. The agency has civil rights and ADA posting in public places. The Legal Aid Society's employee handbook addresses their policies of non-discrimination, sexual harassment, and complaints/grievances.