

**METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY**



February 17, 2023

Tim Townsend, Trial Courts Administrator  
State Trial Courts  
Metro Courthouse  
1 Public Square  
Nashville, TN 37201

Dear Mr. Townsend:

Please find attached the final grants monitoring report for the State Trial Courts. This report explains the results of the review of your agency's federal and state grants and other financial assistance for the fiscal years 2018, 2019 and 2021 listed in Appendix A. Staff from the Office of Financial Accountability concluded the fieldwork for this review in June 2022. You previously reviewed and responded to the preliminary report. Your responses to that 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 615-862-6712.

Sincerely,

*Kevin Brown*

Kevin Brown, CMFO, CFE  
Director, Office of Financial Accountability

cc: Annette Crutchfield, State Trial Courts  
Kelly Flannery, Director, Department of Finance  
Lauren Riley, Metropolitan Auditor, Office of Internal Audit  
Essie Robertson, CPA, CMFO, CICA, Office of Financial Accountability  
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Camile Crutcher, Office of Financial Accountability  
Metro Finance Leadership Team

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**Metropolitan Government of Nashville and Davidson County**

# **STATE TRIAL COURTS**

**◆ Monitoring Report ◆**

Conducted by



**Office of Financial Accountability**

February 17, 2023

# MONITORING REPORT

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## TABLE OF CONTENTS

INTRODUCTION .....	5
OBJECTIVES, SCOPE AND METHODOLOGY.....	6
RESULTS OF MONITORING.....	7
FINDINGS, RECOMMENDATIONS AND MANAGEMENT’S RESPONSE.....	8
APPENDIX A.....	9

## INTRODUCTION

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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 State Trial Courts. The monitoring process included a review of the contracts in effect during the fiscal year ending June 30, 2021. 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

The mission of the State Trial Courts (hereinafter referred to as “STC”) is to provide the public with equal and fair access to the judicial branch of government by providing a fair, independent and accessible forum for the just, timely and economical resolution of their legal affairs. The State Trial Court consists of the following courts: six Criminal Courts, eight Circuit Courts, four Chancery Courts, and the State Trial Courts Administrator’s office. The STC offers treatment, probation and supervision programs for non-violent felons funded through grants from the Tennessee Department of Corrections, provides forensic drug testing, manages all jury-related activities, and oversees administrative functions. In addition, the State Trial Courts manages the Davidson County Drug Court for which provides an intensive alcohol and drug Program funded primarily by grants from the U.S. Department of Justice and the Tennessee Department of Mental Health and Substance Abuse Services.

### Grants Reviewed:

The purpose of this review was to assess the State Trial Courts’ compliance with contractual requirements set forth in the following grant contracts that provided approximately \$9,302,942 of financial assistance to the State Trial Courts.

#### Community Corrections Services 18-20

The State Trial Courts was awarded \$4,392,942 from the Tennessee Board of Probation and Parole. The grant is for the Davidson County Community Corrections Program that is designed to divert felony offenders from the Tennessee prisons system by providing community supervision and treatment services. The program goal is to reduce recidivism rates among felony offenders while maintaining the safety of the community.

#### Drug Court (TDOC) 2018-2022

The State Trial Courts was awarded \$4,910,000 from the Tennessee Department of Corrections to be utilized by the Davidson County Drug Court for the expenses of housing and treating non-violent felony offenders, including methamphetamine offenders from across the State and other offenders with co-occurring addiction and mental health disorders.

## OBJECTIVES, SCOPE AND METHODOLOGY

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A monitoring review is substantially less in scope than an audit. The OFA did not audit the financial statements for the State Trial Courts and, accordingly, does not express an opinion or any assurances regarding the financial statements of the State Trial Courts 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 grantors 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 Circular 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, 2020 through June 30, 2021. 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

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### Overall Findings and Major Review Highlights

Our review revealed one discrepancy with policies and grant requirement guidelines. The State Trial Courts:

1. Incorrectly recorded and identified grant revenue as federal thru state pass thru.

The section that follows provides more detailed information for the items listed above. Management was given an opportunity to respond to the finding and their responses have been incorporated into this final report.

## **FINDINGS, RECOMMENDATIONS, AND MANAGEMENT'S RESPONSE**

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1. Incorrectly recorded and identified grant revenue as federal thru state pass thru.

### Finding

Based upon the review of State Trial Courts' (STC) FY2021 Community Corrections Services and Drug Court Services contracts, the STC incorrectly recorded \$2,376,415.16 as federal thru state pass through revenue even though the grants reviewed were state direct grants. Better business practices dictate that government entities recognize grant revenue by source of funds using proper revenue object codes. As a result, the STC' federal thru state pass through revenue was overstated for fiscal year 2021.

FY21 Grants:		FY21 Revenue Received
Community Corrections Services		\$1,353,360.64
Drug Court Services		\$1,023,055.00
		\$2,376,415.64

### Recommendation

State Trial Courts should take the necessary steps to ensure the correct revenue objective account is used to record grant revenue.

### Management Comments

We concur. Grant revenue object accounts have been reviewed and proper grant revenue codes are being used to record grant revenue.



## APPENDIX A

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Grant	Resolution #	Grant Period		Award Amount	Findings
Community Correction Services	RS2019-1780	7/1/2018	6/30/2021	\$4,392,942.00	Y
Drug Courts 17-22	RS2017-693	7/1/2018	6/30/2022	\$4,910,000.00	Y