

**Tennessee Commission on Children and Youth**

**For the Years Ended  
June 30, 2001, and June 30, 2000**

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STATE OF TENNESSEE  
**COMPTROLLER OF THE TREASURY**  
State Capitol  
Nashville, Tennessee 37243-0260  
(615) 741-2501

**John G. Morgan**  
Comptroller

April 2, 2002

The Honorable Don Sundquist, Governor  
and  
Members of the General Assembly  
State Capitol  
Nashville, Tennessee 37243  
and  
Ms. Linda O'Neal, Executive Director  
Tennessee Commission on Children and Youth  
Andrew Johnson Tower, Ninth Floor  
710 James Robertson Parkway  
Nashville, Tennessee 37243

Ladies and Gentlemen:

Transmitted herewith is the financial and compliance audit of the Tennessee Commission on Children and Youth for the years ended June 30, 2001, and June 30, 2000.

The review of management's controls and compliance with policies, procedures, laws, and regulations resulted in no audit findings.

Sincerely,

A handwritten signature in black ink that reads "John G. Morgan".

John G. Morgan  
Comptroller of the Treasury

JGM/mb  
02/060



**STATE OF TENNESSEE  
COMPTROLLER OF THE TREASURY  
DEPARTMENT OF AUDIT  
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February 11, 2002

The Honorable John G. Morgan  
Comptroller of the Treasury  
State Capitol  
Nashville, Tennessee 37243

Dear Mr. Morgan:

We have conducted a financial and compliance audit of selected programs and activities of the Tennessee Commission on Children and Youth for the years ended June 30, 2001, and June 30, 2000.

We conducted our audit in accordance with government auditing standards generally accepted in the United States of America. These standards require that we obtain an understanding of management controls relevant to the audit, and that we design the audit to provide reasonable assurance of the Tennessee Commission on Children and Youth's compliance with the provisions of policies, procedures, laws, and regulations significant to the audit. Management of the Tennessee Commission on Children and Youth is responsible for establishing and maintaining internal control and for complying with applicable laws and regulations.

Our audit resulted in no audit findings.

We have reported other less significant matters involving the commission's internal controls and/or instances of noncompliance to the Tennessee Commission on Children and Youth's management in a separate letter.

Sincerely,

A handwritten signature in black ink that reads "Arthur A. Hayes, Jr." in a cursive script.

Arthur A. Hayes, Jr., CPA,  
Director

AAH/mb

State of Tennessee

# Audit Highlights

Comptroller of the Treasury

Division of State Audit

Financial and Compliance Audit  
**Tennessee Commission on Children and Youth**  
For the Years Ended June 30, 2001, and June 30, 2000

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## AUDIT SCOPE

We have audited the Tennessee Commission on Children and Youth for the period July 1, 1999, through June 30, 2001. Our audit scope included a review of management's controls and compliance with policies, procedures, laws, and regulations in the areas of equipment, revenue, expenditures, juvenile justice reimbursement, and compliance with the Financial Integrity Act. The audit was conducted in accordance with government auditing standards generally accepted in the United States of America.

## AUDIT FINDINGS

The audit report contains no findings.

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"Audit Highlights" is a summary of the audit report. To obtain the complete audit report, please contact

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**Audit Report**  
**Tennessee Commission on Children and Youth**  
**For the Years Ended June 30, 2001, and June 30, 2000**

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**TABLE OF CONTENTS**

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	<u>Page</u>
<b>INTRODUCTION</b>	1
Post-Audit Authority	1
Background	1
<b>AUDIT SCOPE</b>	2
<b>PRIOR AUDIT FINDING</b>	4
Resolved Audit Finding	4
<b>OBJECTIVES, METHODOLOGIES, AND CONCLUSIONS</b>	4
Equipment	4
Revenue	5
Expenditures	6
Juvenile Justice Reimbursement	6
Financial Integrity Act	7
<b>OBSERVATIONS AND COMMENTS</b>	7
Title VI of the Civil Rights Act of 1964	7

# Tennessee Commission on Children and Youth For the Years Ended June 30, 2001, and June 30, 2000

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## INTRODUCTION

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### POST-AUDIT AUTHORITY

This is the report on the financial and compliance audit of the Tennessee Commission on Children and Youth. The audit was conducted pursuant to Section 4-3-304, *Tennessee Code Annotated*, which authorizes the Department of Audit to “perform currently a post-audit of all accounts and other financial records of the state government, and of any department, institution, office, or agency thereof in accordance with generally accepted auditing standards and in accordance with such procedures as may be established by the comptroller.”

Section 8-4-109, *Tennessee Code Annotated*, authorizes the Comptroller of the Treasury to audit any books and records of any governmental entity that handles public funds when the Comptroller considers an audit to be necessary or appropriate.

### BACKGROUND

The Tennessee Commission on Children and Youth is an independent state agency created by the Tennessee General Assembly. Its primary mission is advocacy for improvements in the quality of life for the state’s children and families. To fulfill this mission, staff of the Tennessee Commission on Children and Youth gather, analyze, and report information on children and families for the planning and coordination of policies, programs, and services. The commission evaluates selected state programs and services for children. The commission also administers the federal Juvenile Justice and Delinquency Prevention Act in Tennessee, and administers and distributes funding for juvenile justice and teen pregnancy prevention programs.

The commission’s policymaking body is a 21-member board appointed by the Governor and consists of people active in addressing the problems and needs of children and youth. At least one member is selected from each of the state’s nine development districts, and the commissioners, or their designees, of state departments serving children serve *ex officio*. Youth advisory members also serve on the commission.

### Advocacy

The commission provides leadership for advocacy activities on behalf of children and families. The commission is an integral part of state policymaking on child and family issues and participates on national, state, regional, and local committees, task forces, and boards for information gathering, sharing, and networking.

## **Regional Councils**

The commission staffs and coordinates nine regional councils that provide organizational structure for statewide networking on behalf of children and families.

## **Information Dissemination**

The commission distributes several publications: *Kids Count: The State of the Child in Tennessee*, an annual county-by-county picture of the condition of children; *The Advocate*, a periodic newsletter sent to legislative figures, policymakers, and regional council members; and *Tennessee Compilation of Selected Laws on Children, Youth, and Families*, distributed to juvenile courts, state government staff, and other children's services professionals.

## **Juvenile Justice**

The commission is the state advisory group responsible for implementing provisions of the Juvenile Justice and Delinquency Prevention (JJDP) Act in Tennessee. The four core requirements of the act are to deinstitutionalize status offenders, remove children from adult jails, separate children from adult offenders, and address minority overrepresentation in secure confinement.

## **Evaluation of Services for Children**

The commission conducts targeted evaluations and is responsible for the Children's Program Outcome Review Team (CPORT) evaluation and the Impact Study.

## **Ombudsman Program**

The Ombudsman Program's staff serve as neutral reviewers to respond to questions, concerns, or complaints regarding children in state custody. This program is funded by a Juvenile Justice and Delinquency Prevention Act grant.

## **Teenage Pregnancy**

The commission administers the state funds for teenage pregnancy prevention and teen parenting.

An organization chart of the commission is on the following page.

The Tennessee Commission on Children and Youth is part of the general fund of the State of Tennessee and is responsible for allotment code 316.01.

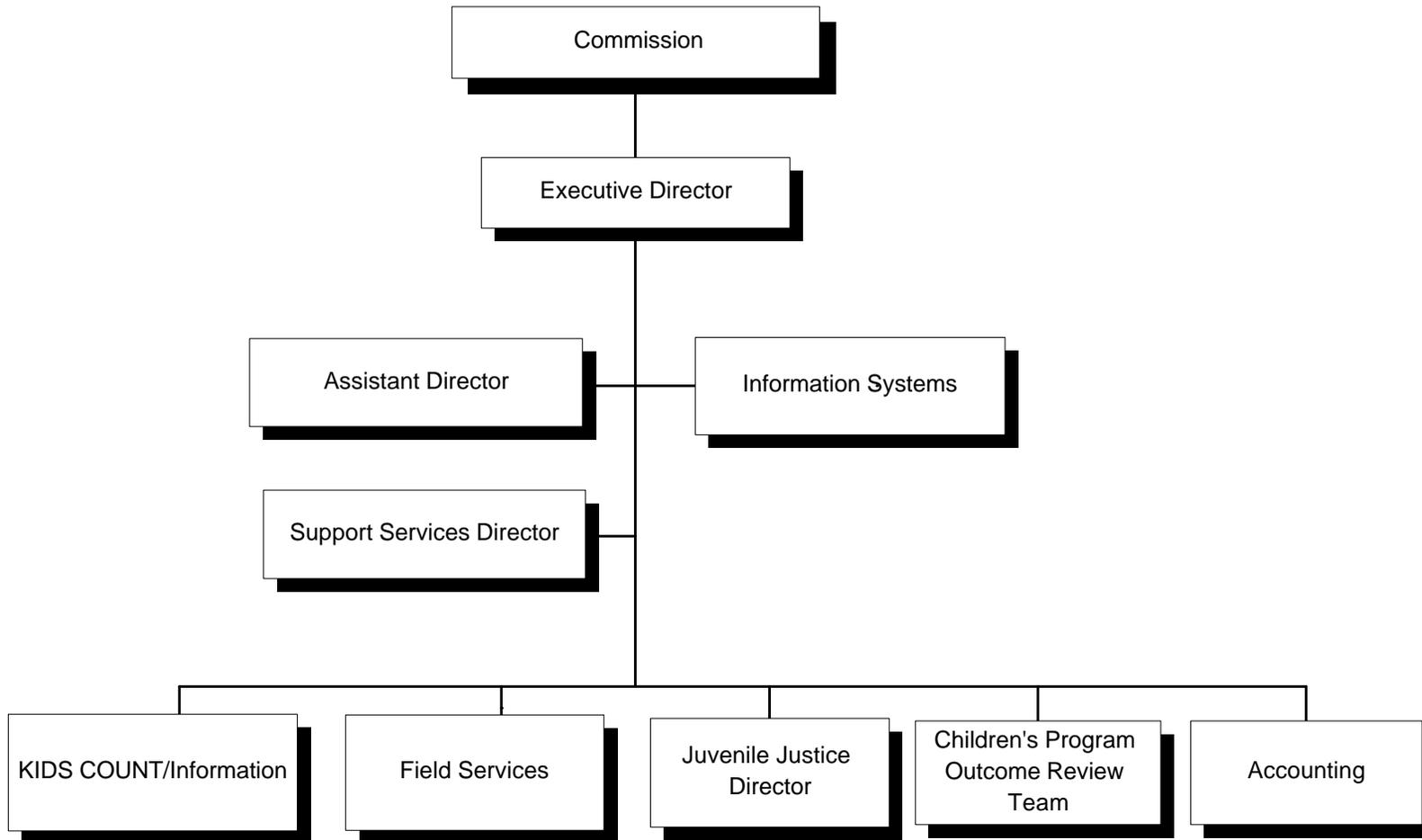
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## **AUDIT SCOPE**

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We have audited the Tennessee Commission on Children and Youth for the period July 1, 1999, through June 30, 2001. Our audit scope included a review of management's controls

# Tennessee Commission on Children and Youth Organization Chart



and compliance with policies, procedures, laws, and regulations in the areas of equipment, revenue, expenditures, juvenile justice reimbursement, and compliance with the Financial Integrity Act. The audit was conducted in accordance with government auditing standards generally accepted in the United States of America.

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## **PRIOR AUDIT FINDING**

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### **RESOLVED AUDIT FINDING**

Section 8-4-109, *Tennessee Code Annotated*, requires that each state department, agency, or institution report to the Comptroller of the Treasury the action taken to implement the recommendations in the prior audit report. The Commission on Children and Youth filed its report with the Department of Audit on December 1, 2000. A follow-up of the prior audit finding was conducted as part of the current audit. The prior audit noted that commission employees had not been evaluated in a timely manner. The current audit disclosed that the Commission on Children and Youth has substantially improved the timely evaluation of employees; therefore, the finding was not repeated.

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## **OBJECTIVES, METHODOLOGIES, AND CONCLUSIONS**

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### **EQUIPMENT**

Our objectives in reviewing equipment controls and procedures were to determine whether

- policies and procedures related to equipment were adequate;
- the information on the commission's equipment listed in the Property of the State of Tennessee (POST) system is accurate and complete;
- property and equipment are adequately safeguarded;
- equipment purchased during the audit period was properly recorded in POST; and
- lost or stolen equipment was properly reported to the Comptroller's Office and deleted from POST.

We interviewed key commission personnel and reviewed supporting documentation to gain an understanding of the commission's procedures and controls over equipment. We reviewed supporting documentation and tested a nonstatistical sample of equipment from the POST system and a nonstatistical sample of equipment purchased during the audit period from the State of Tennessee Accounting and Reporting System. Equipment items were physically located, and description, tag number, serial number, and location were traced to POST. For the items tested that were purchased during the audit period, the cost recorded in POST was traced to supporting documentation. We determined whether lost or stolen equipment was properly reported and deleted from POST by reviewing supporting documentation.

Based on interviews, review of supporting documentation, and testwork, we determined that policies and procedures related to equipment were adequate, and property and equipment were adequately safeguarded. Also, we determined that the information on the commission's equipment listed in POST was accurate and complete with minor exceptions; equipment purchased during the audit period was properly recorded in POST with minor exceptions; and lost and stolen items were properly reported and removed from POST. Although we had no findings related to equipment, minor weaknesses were reported to management in a separate letter.

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## **REVENUE**

Our objectives in reviewing revenue controls and procedures were to determine whether

- policies and procedures relating to revenues were adequate;
- cash collected during the audit period was deposited timely;
- physical controls over cash were adequate;
- revenue or fees were charged and recorded at the correct amount; and
- records were reconciled with Department of Finance and Administration reports.

We interviewed key commission personnel to gain an understanding of procedures and controls for collecting cash and reconciling reports. In addition, we tested a nonstatistical sample of revenue transactions for adequate support, timely deposits, agreement of amounts receipted and deposited, correct recording, and proper approval.

Based on interviews and review of controls, we determined that policies and procedures related to revenue were adequate. Also, based on testwork performed, we determined that cash collected during the audit period was deposited timely; physical controls over cash were adequate; revenue and fees were charged and recorded at the correct amount; and records were reconciled with Department of Finance and Administration reports. Although we had no findings related to revenue, minor weaknesses were reported to management in a separate letter.

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## EXPENDITURES

Our objectives in reviewing expenditure controls and procedures were to determine whether

- policies and procedures regarding expenditures were adequate;
- recorded expenditures for goods or services were properly authorized, adequately supported, and correctly recorded in the state's accounting records;
- goods and services were received and procured in accordance with applicable regulations or requirements;
- payments were made in a timely manner;
- all payments for travel were paid in accordance with the *State of Tennessee Comprehensive Travel Regulations*; and
- records were reconciled with Department of Finance and Administration reports.

We interviewed key commission personnel to gain an understanding of the commission's procedures and controls over expenditures. We also reviewed supporting documentation for these controls and procedures. In addition, testwork was performed on a nonstatistical sample of expenditure transactions during the audit period.

Based on interviews and review of controls, we determined that policies and procedures regarding expenditures were adequate. In addition, based on our review of supporting documentation and testwork, we determined that expenditures were properly authorized, adequately supported, and recorded correctly; goods and services were received and procured in accordance with applicable regulations or requirements; payments were made timely; travel payments were made in accordance with the *State of Tennessee Comprehensive Travel Regulations*; and records were reconciled with Department of Finance and Administration reports.

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## JUVENILE JUSTICE REIMBURSEMENT

The Commission on Children and Youth administers a combination of state and federal funds to provide assistance to counties for removing children from adult jails. These funds can be used to provide services to children who meet the criteria of Section 37-1-114(c), *Tennessee Code Annotated*, which describes the appropriate placement of children in secure facilities. Each county accepting reimbursement funds must develop and submit local rules and procedures for each service provided. The objectives of our review of the commission's controls and procedures over juvenile justice reimbursement were to determine whether policies and procedures regarding

juvenile justice reimbursement were adequate and whether payments made for juvenile justice reimbursement were in accordance with established policies and procedures.

We interviewed key commission personnel to gain an understanding of the commission's procedures and controls regarding juvenile justice reimbursement. We also reviewed supporting documentation for these procedures and controls. In addition, testwork was performed on a nonstatistical sample of reimbursement claims filed during the audit period.

Based on our review of the commission's controls and procedures, we determined that the policies and procedures were adequate. Based on our review of supporting documentation and testwork, we determined that payments for juvenile justice reimbursement were made in accordance with established policies and procedures. Although we had no findings related to juvenile justice reimbursement, minor weaknesses were reported to management in a separate letter.

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## **FINANCIAL INTEGRITY ACT**

Section 9-18-104, *Tennessee Code Annotated*, requires the head of each executive agency to submit a letter acknowledging responsibility for maintaining the internal control system of the agency to the Commissioner of Finance and Administration and the Comptroller of the Treasury by June 30 each year.

Our objective was to determine whether the commission's June 30, 2001, and June 30, 2000, responsibility letters were filed in compliance with Section 9-18-104, *Tennessee Code Annotated*.

We reviewed the June 30, 2001, and June 30, 2000, responsibility letters submitted to the Comptroller of the Treasury and to the Department of Finance and Administration to determine adherence to the submission deadline. We determined that the Financial Integrity Act responsibility letters were not submitted on time.

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## **OBSERVATIONS AND COMMENTS**

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### **TITLE VI OF THE CIVIL RIGHTS ACT OF 1964**

Section 4-21-901, *Tennessee Code Annotated*, requires each state governmental entity subject to the requirements of Title VI of the Civil Rights Act of 1964 to submit an annual Title VI compliance report and implementation plan to the Department of Audit by June 30 each year. The Commission on Children and Youth filed its compliance reports and implementation plans on June 27, 2001, and July 18, 2000.

Title VI of the Civil Rights Act of 1964 is a federal law. The act requires all state agencies receiving federal money to develop and implement plans to ensure that no person shall, on the grounds of race, color, or origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal funds. The Human Rights Commission is the coordinating state agency for the monitoring and enforcement of Title VI. A summary of the dates state agencies filed their annual Title VI compliance reports and implementation plans is presented in the special report *Submission of Title VI Implementation Plans*, issued annually by the Comptroller of the Treasury.