

PERFORMANCE AUDIT

Tennessee Men's Health Network

April 2009



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY

Department of Audit
Division of State Audit



Arthur A. Hayes, Jr., CPA, JD, CFE
Director

Deborah V. Loveless, CPA, CGFM
Assistant Director

Joseph Schussler, CPA, CGFM
Audit Manager

Amy Brack
Editor

Comptroller of the Treasury, Division of State Audit
1500 James K. Polk Building, Nashville, TN 37243-0264
(615) 401-7897

Performance audits are available on-line at www.comptroller1.state.tn.us/RA_SA/.
For more information about the Comptroller of the Treasury, please visit our website at
www.tn.gov/comptroller/.



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF STATE AUDIT

SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7897
FAX (615) 532-2765

April 30, 2009

The Honorable Ron Ramsey
Speaker of the Senate
The Honorable Kent Williams
Speaker of the House of Representatives
The Honorable Randy McNally, Chair
Senate Finance, Ways, and Means Committee
The Honorable Craig Fitzhugh, Chair
House Finance, Ways, and Means Committee
and
Members of the General Assembly
State Capitol
Nashville, Tennessee 37243

Ladies and Gentlemen:

Transmitted herewith is the performance audit of the activities and expenditures of the Tennessee Men's Health Network. This audit is required by Section 12, Item 27, of the 2008 Appropriations Bill.

This report is intended to aid the Finance, Ways, and Means Committees of the Senate and of the House of Representatives.

Sincerely,

Arthur A. Hayes, Jr., CPA
Director

AAH/js
09028

State of Tennessee

A u d i t H i g h l i g h t s

Comptroller of the Treasury

Division of State Audit

Performance Audit
Tennessee Men's Health Network
April 2009

AUDIT OBJECTIVES

The objectives of the audit were to review activities and events of the Tennessee Men's Health Network (TMHN) and the process used to organize those events, procedures related to receiving income and paying expenditures, and any related issues that might arise during our audit.

ACTIVITIES OF THE TENNESSEE MEN'S HEALTH NETWORK

TMHN plans and participates in events across the state, produces and distributes brochures, and organizes conferences and symposia. The national Men's Health Network (MHN), through the Tennessee affiliate, has distributed brochures to offices of the Tennessee Department of Health in all 95 counties. The 2007-2008 annual report lists over 60 activities of TMHN, essentially all involving other groups or organizations. The 2004-2005 Tennessee Men's Health Network annual report lists matching revenue of \$321,495 in the form of test kits, mobile units, advertising, and other related items. It appears that the activities of the Tennessee Men's Health Network are legitimate, beneficial, and assist organizations as well as individuals across the state. If the state appropriations were discontinued, according to network staff they would not be able to pay the two staff people based in Tennessee and would have to close TMHN offices in Knoxville and Memphis.

REVENUES OF THE TENNESSEE MEN'S HEALTH NETWORK

Financial information is not maintained for the Tennessee affiliate separately from the national organization; therefore, we report all revenues and expenditures of the MHN, not just the portion related to activities in Tennessee. In addition to appropriations from the State of Tennessee, the MHN receives cash contributions from individuals, corporations, educational institutions, and other sources, and numerous in-kind contributions. The State of Tennessee has provided money to the Tennessee Men's Health Network since fiscal year 2004, with one-for-one matching required for fiscal years 2005 and 2006. Events that TMHN is a part of also involve numerous other groups or organizations. According to the president and executive director, without this leverage TMHN could not accomplish what it does.

EXPENDITURES OF THE TENNESSEE MEN'S HEALTH NETWORK

The expenditures of the Tennessee Men's Health Network are recorded and paid by the national Men's Health Network. Expenditures specific to Tennessee, or to any other state, are not recorded separately. The Men's Health Network is audited annually by a CPA firm in Bowie, Maryland, and has received an unqualified opinion for at least the last three years, with no findings.

FINDINGS

Internal Controls Over the Accounting Practices of the Tennessee Men's Health Network Are Weak

While we found no indication of wrongdoing, we found limited controls over the financial operations of the Tennessee Men's Health Network. The president of TMHN receives contributions, makes deposits, records expenditures, and reconciles the bank statements. The president is a co-founder of TMHN and receives no compensation from the organization. The ledger book for TMHN is maintained manually. This seems outdated in an era of accounting software. The president of the Tennessee Men's Health Network may wish to incorporate internal controls and implement computerized bookkeeping.

The Tennessee Men's Health Network Has No Written Policies and Procedures

While we did not encounter any particular problems, as the organization grows, written methodologies will ensure consistent work and will aid staff. TMHN has prepared a mission statement, a job description for a project director, tasks expected, reports to be prepared, and performance measures, and staff are engaging in good business practices. However, few of these practices are written down. The Tennessee Men's Health Network should prepare a written set of policies and procedures to guide board members and staff and facilitate training of new staff if turnover occurs.

Performance Audit Tennessee Men's Health Network

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
Purpose and Authority for the Audit	1
Objectives of the Audit	1
Scope and Methodology of the Audit	1
History of the Tennessee Men's Health Network	2
Organization of the Tennessee Men's Health Network	3
ACTIVITIES, REVENUES, AND EXPENDITURES	4
Activities of the Tennessee Men's Health Network	4
Revenues of the Tennessee Men's Health Network	4
Expenditures of the Tennessee Men's Health Network	7
CONCLUSIONS AND FINDINGS	8
Conclusions	8
Finding 1 - Internal controls over accounting practices of the Tennessee Men's Health Network are weak	8
Finding 2 - The Tennessee Men's Health Network has no written policies and procedures	10
RECOMMENDATION SUMMARY	11
APPENDICES	12
A. Office of the Attorney General News Release	12
B. Paragraphs From Appropriations Bills for Fiscal Years 2005-2009	14

Performance Audit Tennessee Men’s Health Network

INTRODUCTION

PURPOSE AND AUTHORITY FOR THE AUDIT

This performance audit of the Tennessee Men’s Health Network (TMHN), a private, not-for-profit corporation, was conducted to meet a requirement of Section 12, Item 27, of the 2008 Appropriations Bill. That item, in addition to appropriating money for a grant for TMHN, directs the Comptroller of the Treasury to “audit the activities and expenditures of the Network” and to “file findings and recommendations with the Finance, Ways, and Means Committees of the Senate and of the House of Representatives.” The Comptroller of the Treasury is authorized under Section 4-3-304(3), *Tennessee Code Annotated*, to conduct an audit of the corporation.

OBJECTIVES OF THE AUDIT

The objectives of the audit were

1. to review activities and events planned or attended by the Tennessee Men’s Health Network and the process used to organize those events,
2. to review processes related to receiving income and paying expenditures, and
3. to examine any related issues that might arise during our audit.

SCOPE AND METHODOLOGY OF THE AUDIT

We reviewed the activities of the Tennessee Men’s Health Network for the period June 2003 to December 2008. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Our methodology included

1. review of applicable legislation;

2. visits to both the corporation office and the office of the president of the Men's Health Network, in Washington D.C., and observation of the corporation's activities;
3. examination of the entity's records, including IRS 990 filings, audit reports of the Men's Health Network, the general ledger, and board meeting minutes;
4. attendance at monthly board meetings held by teleconference; and
5. interviews with corporation board members and staff, a member of the Tennessee House of Representatives, and with staff of the Tennessee Department of Health.

HISTORY OF THE TENNESSEE MEN'S HEALTH NETWORK

The Tennessee Men's Health Network (TMHN), an affiliate of the national Men's Health Network (MHN), was created in June 2003 as a not-for-profit resource center with a focus on an educational campaign to improve male health, longevity, and quality of life. Funding for the first year came from Tennessee's portion of a national agreement involving vitamin manufacturers. (See Appendices.) The Tennessee Attorney General's Office awarded more than \$5 million to 75 organizations to settle charges that vitamin manufacturers engaged in price-fixing. TMHN received \$42,500 as part of the distribution, under the terms of the settlement that required "the money be used exclusively for the improvement of health and/or nutrition purposes." TMHN was incorporated in Tennessee on August 5, 2004, with its fiscal year ending December 31. The registered agent is Michael Leventhal and the address of the principal office is 601 South Concord Street in Knoxville, Tennessee. The Tennessee affiliate has properly filed its annual corporation reports, and the national organization has properly filed the Form 990 federal tax return each year. The Men's Health Network is registered as a vendor with the Tennessee Department of General Services.

TMHN's parent organization, the MHN, was founded in 1992. The MHN advocates for Men's Health Week to be declared in each state; provides agency awareness of men's health needs in most states; develops prostate cancer initiatives; and publishes and distributes brochures, pamphlets, and other items. The MHN has developed a wide array of health brochures and other documents, in English and Spanish, to provide information on health-related issues. According to the MHN website, there are state chapters in 23 states. However, the president of MHN said that only Tennessee has appropriated funding to MHN, though MHN has no plans to ask for appropriations from other states. He added that no other state has the level of funding and activities of Tennessee. We reviewed the websites for the 23 states and found that 20 were essentially uniform, providing basic information from MHN in Washington, D.C. Texas lists a state coordinator and Massachusetts lists a board of directors, but the e-mail link for more information on all 22 sites sends e-mail to the MHN office. Only the Tennessee site (<http://www.menshealthnetwork.org/mhntn.htm>) has a link to a state annual report and an e-mail link to Mike Leventhal, the executive director in Tennessee.

ORGANIZATION OF THE TENNESSEE MEN'S HEALTH NETWORK

The Tennessee Men's Health Network is governed by a board of directors. Because TMHN does not have written policies and procedures (an issue discussed later in this report), the number of directors and their terms are not firm. The president of the board of directors is Mr. Ronald K. Henry, who co-founded the TMHN and has been president since the beginning. Mr. Henry is located in Washington, D.C., and is also president of the (national) Men's Health Network. One other co-founder is William S. Owen, who spent 12 years in Tennessee as a state senator and state representative, serving in the 89th and 92nd-96th General Assemblies (1975-76, 1981-1990). The third co-founder of TMHN is Michael Leventhal, a 2001 graduate of the University of Tennessee and current executive director of TMHN.

The vice-president of the board of TMHN is Mr. D. Bruce Shine, located in Kingsport, Tennessee. Mr. Thomas Strickland, Jr., of Knoxville serves as board treasurer, and Dr. Morris Klass of Memphis serves as board secretary. Additional board members at the time of the audit are Dr. William H. Hughes in Nashville and Dr. Lee C. Whitaker in Chattanooga. According to both Mr. Henry and Mr. Shine, current board members are constantly looking for new board members. At the January 2009 board meeting, Dr. Ralph Chumbley of Memphis was elected to the board and a new candidate, Dr. Gary Kukulka of East Tennessee State University, was nominated to be voted on at the February board meeting.

The board meets by teleconference, usually monthly. In addition, there is a loosely organized advisory board of health professionals and others who may choose to volunteer as a spokesperson, submit an article for a brochure or other publication, volunteer at a screening, or become involved in another way. The officers, board members, and advisory board members are volunteers and do not receive per diem or reimbursement of travel expenses, except occasionally for larger expenses such as airfare. However, there are no written policies for reimbursement.

The executive director of the MHN, based at the corporate office on Massachusetts Avenue in Washington, D.C., is a volunteer, but a paid staff person is being trained to take over upon the executive director's retirement. The staff in Washington attend hearings and briefings, maintain the website, procure and distribute brochures and other information, make contacts with legislators, and perform other national-level functions on behalf of MHN. They also schedule and conduct health screenings in Washington, D.C., similar to those held in Tennessee.

The Tennessee Men's Health Network is an independent affiliate of the MHN, but the MHN makes all financial decisions and performs all accounting for the affiliate. The Tennessee affiliate does not file its own tax return and sends all money collected, including appropriations from the State of Tennessee, to the national office in Washington, D.C. The national office also pays all expenses incurred for activities in Tennessee.

TMHN has two paid full-time employees, one based in Knoxville to cover Nashville and East Tennessee, and the other based in Memphis to cover West Tennessee. These two people, assisted and supported by board members, contact community and corporate leaders to organize activities, attend conferences and training events, and work to fulfill the mission of TMHN.

ACTIVITIES, REVENUES, AND EXPENDITURES

ACTIVITIES OF THE TENNESSEE MEN'S HEALTH NETWORK

According to its 2007-2008 annual report, the mission of The Tennessee Men's Health Network (TMHN) is "to serve as Tennessee's premier men's health resource center and to build stronger families through better health." To accomplish that mission, TMHN plans and participates in numerous events across the state, produces and distributes a wide array of brochures, and organizes conferences and symposia. The national Men's Health Network (MHN), through the Tennessee affiliate, has distributed men's health-related brochures to offices of the Tennessee Department of Health in all 95 counties.

In calendar year 2003, which was the year TMHN was organized, the first event managed by Executive Director Mike Leventhal was a free prostate cancer screening held at Bristol Motor Speedway, in conjunction with NASCAR (National Association for Stock Car Auto Racing). The 2003 annual report, for the year ended June 30, 2004, and dated November 2004, lists approximately 20 health fairs that MHN representatives attended during the year, along with a convention, a forum, a workshop, and various other organizational and administrative meetings that appear to have been undertaken to introduce TMHN to health-related agencies. Events in Tennessee are attended by permanent staff members (Mike Leventhal and Judy Seals-Togbo), board members, volunteers recruited for individual projects, temporary staff hired for individual events, and MHN staff from the Washington, D.C., office. During the year ended June 2008, the annual report lists over 60 health fairs, screenings, conferences, and other activities of TMHN. The number of events has increased over the five-year period. As part of this audit, we observed two events and reviewed documentation that summarizes the results of events. Further discussion of events by year is in the revenue section below.

REVENUES OF THE TENNESSEE MEN'S HEALTH NETWORK

Financial information is not maintained for the Tennessee affiliate separately, only for the national MHN. Therefore, the following tables report all revenues and expenditures of the MHN, not just the portion related to activities in Tennessee. In addition to appropriations from the State of Tennessee, the MHN receives cash contributions from individuals, corporations, educational institutions, and other sources. TMHN also receives in-kind contributions such as venues, advertising, mobile screening units, self-testing kits, staff, supplies, and other items. Contributors include hospitals and other medical associations, Wal-Mart Corporation, Spike TV, Time-Warner, speakers at events (time and travel expenses), doctors, and other individuals and organizations. MHN's accounting is on a calendar year basis, and 2007 is the latest year for which information is available.

**Men's Health Network
Revenues, Expenditures, and End of Year Fund Balance
For Fiscal Years 2004 Through 2007**

Fiscal Year	Total Revenues	Total Expenditures	End of Year Fund Balance
2004	\$506,357	\$560,381	\$370,200
2005	\$714,927	\$719,186	\$365,941
2006	\$783,531	\$775,715	\$373,757
2007	\$1,264,846	\$939,171	\$699,432

Source: IRS 990 forms for years listed.

**Men's Health Network
Revenues by Source and Expenditures by Function
For the Fiscal Year Ending December 31, 2007**

<i>Revenue by Source</i>	<i>Amount</i>	<i>% of Total</i>
Direct public support	\$753,708	60%
Indirect public support	\$503,879	40%
Interest	<u>\$7,259</u>	<u><1%</u>
Total Revenue	\$1,264,846	100%

<i>Expenditures by Function</i>	<i>Amount</i>	<i>% of Total</i>
Program services	\$823,980	88%
Management and general	\$104,544	11%
Fundraising	<u>\$10,647</u>	<u>1%</u>
Total Expenses	\$939,171	100%

Source: IRS 990 form for the year ended December 31, 2007.

Note: State of Tennessee funds appropriated for state FY 2008 were received by MHN in calendar year 2008 so are not included in the above table.

The State of Tennessee provided money each fiscal year to the TMHN as shown in the following table. The relevant text of each appropriation bill is in Appendix B.

**State of Tennessee Grants and Appropriations to Tennessee Men's Health Network
For State Fiscal Years 2004 Through 2009**

Fiscal Year	Type of Funding	Amount	Date Paid
2004	Vitamin settlement grant	\$42,500	June 20, 2003
2005	Non-recurring appropriation	\$95,000	May 25, 2005
2006	Non-recurring appropriation	\$95,000	February 28, 2006
2007	Recurring appropriation	\$95,000	August 24, 2006
2008	Appropriation (Recurring, non-recurring, continued)	\$285,000	March 25, 2008
2009	Non-recurring appropriation	<u>\$190,000</u>	October 6, 2008
Total		\$802,500	

Source: Appropriations bills for fiscal years 2005 through 2009 and the State of Tennessee Accounting and Reporting System.

The 2003 grant of \$42,500 from the Office of the Attorney General required the recipient to use the money “exclusively for the improvement of health and/or nutrition purposes.” In its 2003 annual report, TMHN documented expenses of \$42,608 in Tennessee. TMHN, in collaboration with the National Prostate Cancer Coalition and using NPCC’s mobile screening unit, held a cancer screening event at Bristol Motor Speedway before the August 23, 2003, NASCAR race. On April 13, 2004, TMHN worked with Northeast Correctional Complex, in Mountain City, to conduct a health fair for NECC employees and people living in Johnson County. Governor Phil Bredesen proclaimed the week of June 14-20, 2004, Men’s Health Week.

The 2004 (fiscal year 2005) appropriation of \$95,000 to the Department of Health was for “the sole purpose of contracting, on a one-for-one matching basis, for health education services or programs for males,” and also required the recipient to have “experience with general health outreach and education activities for males in Tennessee, including activities for the general population and the underserved living in Tennessee.” The TMHN met these requirements by attending health fairs and conducting health screenings at locations including Autozone Park in Memphis, the Saturn plant in Spring Hill, Oak Ridge National Laboratories, Roane State Community College in Lenoir City, Fayette County, Meharry Medical College, and Clarksville. Events included a Boys & Girls Club Hispanic Community Health Fair and HIV screening, a Senior Day health screening, a youth/family summit, minority health day, and rural health screenings. According to the annual report, in 2004-2005, TMHN participated in over 40 workplace health programs across Tennessee and received matching in-kind contributions of \$321,495 in the form of test kits, mobile units, advertising, and other related items.

The fiscal year 2006 appropriation bill language, and the dollar amount of \$95,000, was the same as in the previous year. Many of the events hosted/attended by TMHN in 2006 to meet the statutory requirements are similar to those mentioned in the 2005 annual report. Additional activities include the third annual Legislative Health Screening in January 2006, hiring a project director for West Tennessee region, collaborating with East Tennessee State University for a series of free health screenings, attending Tennessee State University Health Day, and attending the Charlie Bass Correctional Complex health fair in Nashville.

In fiscal year 2007, the appropriation of \$95,000 went to the Department of Health for “the sole purpose of making a grant in such amount to Tennessee Men’s Health Network, to be used for programmatic and operational expenses.” TMHN submitted a FY 2006-07 budget of \$97,720 for expenses in Tennessee that includes salaries of the executive director and project director, office expenses for Knoxville and Memphis locations, travel, and special event fees.

In fiscal year 2008, \$285,000 was appropriated to the Department of Finance and Administration “for the sole purpose of contracting with a nonprofit organization for promotion of health awareness among Tennessee males,” followed by qualifications that appear to direct the money to TMHN. During 2008, the number of health fairs attended/hosted by TMHN increased, especially those held at religious institutions. An extensive list of activities can be found in the annual report on the TMHN website (<http://www.menshealthnetwork.org/mhntn.htm>). The TMHN also worked with the Office of Minority Health of the Tennessee Department of Health.

In the fiscal year 2009 appropriations bill, \$190,000 was appropriated to the Department of Health “for the sole purpose of making a grant in such amount to the Men’s Health Awareness Network.” This sentence is followed by the audit requirement met by this report.

When possible, TMHN staff survey attendees following an event to determine whether the event had an influence on their life choices. According to the TMHN executive director, 70% of those surveyed have seen or will see a doctor because of what they learned. In May 2008, Representative Eddie Bass of Prospect, Tennessee, released a memo saying that during the 2007 screening, he was found to have prostate cancer. He received treatment and claims to be “living proof of the benefits of early detection.”

TMHN representatives prepare and provide an overall health profile of the group of employees that went through the screening. One example of this is the annual legislative health screening performed in January or February since 2004. Following the screening, TMHN provides a document to each legislator containing statistics of the participant group such as age, blood pressure, cholesterol by type, and body mass index.

TMHN has developed a state symposium to educate health professionals and the public about men’s health issues. TMHN also works with government entities, private employers, and health care providers to bring health information and screenings to the workplace and to other public and private locations. One factor stressed by both the president and the executive director of TMHN is the importance of leverage of other groups and individuals by TMHN. Essentially all the events that TMHN is a part of also involve numerous other groups or organizations. The 2008 legislative health screening mentioned above was sponsored by TMHN, three hospitals, a hospital-related association, a medical company, and a nonprofit group. According to the president and executive director, without this leverage, TMHN could not accomplish what it does.

EXPENDITURES OF THE TENNESSEE MEN’S HEALTH NETWORK

The expenditures of the Tennessee Men’s Health Network are recorded and paid by the national Men’s Health Network. Expenditures specific to Tennessee, or to any other state, are not recorded separately. The Men’s Health Network is audited annually by Desai Company, a CPA firm in Bowie, Maryland, and has received an unqualified opinion for the last three years, with no findings.

CONCLUSIONS AND FINDINGS

CONCLUSIONS

From 2004 through fiscal year 2009, the State of Tennessee granted and appropriated a total of \$802,500 to the Tennessee Men's Health Network (TMHN), and the citizens of Tennessee received various benefits. The appropriations for fiscal years 2005 and 2006 required one-for-one matching, and TMHN provided evidence of matching in the annual reports for those years. We conclude that the activities of the Tennessee Men's Health Network are legitimate, beneficial, and assist organizations as well as individuals across the state by increasing health awareness among Tennessee males. The health education services provided by TMHN include activities for the general population and the underserved living in Tennessee.

If the state appropriations were discontinued, according to TMHN staff, they would not be able to pay the two staff people based in Tennessee and would have to close TMHN offices in Knoxville and Memphis. These offices are conduits for distributing materials, for networking, and for bringing services to Tennessee. Without the state funding, TMHN representatives say there would be some brochures and benefits, but services would not be available to the extent they are now.

In the first year of its operation, the State of Tennessee provided almost 100% of TMHN funding. Since then, TMHN has received contributions from additional sources, and the percent of TMHN revenue provided by the State of Tennessee has decreased. As TMHN grows and increases its revenue sources, state appropriations become less important and may one day be unnecessary.

1. Internal controls over accounting practices of the Tennessee Men's Health Network are weak.

Finding

While nothing came to our attention to indicate fraud, abuse, or misuse of funds, we found limited controls in place over the accounting practices of the Men's Health Network. The president, Ronald K. Henry, is a partner in an international law firm and chair of the government contracts practice area for the Washington, D.C., office of that firm. As the co-founder of TMHN, Henry has been involved with the national Men's Health Network (MHN) for 15 years and receives no compensation from the organization. Mr. Henry receives and records contributions, then deposits those contributions in the bank. He also receives bills, records expenditures, signs the checks, and reconciles the bank statements. When asked what deters him or other staff from using network funds for personal use, Henry said that contributions are made out to TMHN and flow through the executive director, expenses and travel claims are reviewed

by the executive director, and that staff are not authorized to sign checks. However, the auditor observed that rent checks for office space in Memphis are sent by Henry in batches of six checks, completed, signed, and postdated for the staff person there to pay each of the next six months' rent as it comes due.

The general journal for TMHN is maintained manually by Mr. Henry. This works satisfactorily but seems outdated in an era of extensive availability and use of accounting software. The importance of secure and accurate records increases as revenue does, and revenue has more than doubled from 2004 to 2007. Use of an accounting software program will allow research of transactions, access to data backup methods, the ability to produce reports, and better security for the ledger itself.

Recommendation

The president of the Men's Health Network may wish to improve internal controls to provide greater security over the transactions and funds of the organization. These may include a third person reviewing the ledger, someone other than the president reconciling the bank statements, and implementing computerized bookkeeping.

Management's Comment

Management generally concurs but offers the following comments and clarifications. Because the organization's limited funding is so small in comparison to the needs, the organization takes every opportunity to safeguard and obtain maximum benefit from each available dollar. For example, the state audit notes that checks for payment of rent on the Memphis office are sometimes written in post-dated batches of up to six monthly payments and forwarded to the TMHN employee in Memphis to be handed to the landlord on each appropriate due date. This practice permits the organization to assure timely hand delivery (no late fees) and to use one stamp instead of six for a savings of \$2.10. While this is a seemingly trivial savings, it epitomizes the organization's approach to all spending.

To further safeguard funds, none of the program managers is authorized to commit to any expenditure without higher level approval. Each proposed expenditure suggested by a program manager must be presented to the Executive Director for approval. The Executive Director reviews all proposals and, subsequently, reviews all invoices before determining whether to recommend the expenditure for payment. If the Executive Director recommends an expenditure for payment, the proposed expenditure is forwarded to the President, whose approval is required before any expenditure can be paid. All expenditures are entered in the general ledger and are reviewed annually by the organization's independent outside auditor. The independent outside auditor reviews both the general ledger and the back-up documentation that is retained by the organization for each individual transaction. Because of the modest size of the organization (less than 700 entries in the general ledger for 2008), it is easy for the independent outside auditor to match expenditures and receipts, and to reconcile the ledger with bank statements. Management

has a high level of confidence in the accuracy and integrity of its accounting system. As the state audit notes: “The Men’s Health Network is audited annually by Desai Company, a CPA firm in Bowie, Maryland, and has received an unqualified opinion for the past three years, with no findings.” Although it was only appropriate for the state audit to look back three years, management notes with pride that all independent audits, including those more than three years old, have been unqualified opinions with no findings.

Nevertheless, management recognizes and is grateful for the continued growth of the organization. Such growth makes it appropriate to consider new procedures and, accordingly, management has begun assessments of options for additional controls over the ledger and bank statements. Additionally, management has begun assessment of the means by which computerized bookkeeping may be implemented and the staffing needs associated with such implementation.

2. The Tennessee Men’s Health Network has no written policies and procedures

Finding

Neither the Tennessee Men’s Health Network nor the Men’s Health Network has written policies and procedures. While we did not note any indications of fraud, waste, or abuse in our audit work, as the organizations grow and more people are involved, the importance of having written policies and procedures will increase. Written methodologies will ensure consistent work in various locations across the state of Tennessee and in other states across the country. They will aid staff as they will know that they are performing their tasks in an acceptable manner and will facilitate training of new staff if turnover occurs.

TMHN has prepared a mission statement document that also includes tasks to advance the mission, a job description for project director, tasks expected, reports to be prepared, and measures of performance. Based on observations during our audit, staff of TMHN and MHN are engaging in acceptable business practices. However, few of these practices have been recorded and formally adopted by the organizations.

Recommendation

The Tennessee Men’s Health Network, in conjunction with the Men’s Health Network, should prepare and approve a written set of policies and procedures to guide board members and staff as they perform their duties.

Management’s Comment

Management generally concurs but offers the following comments and clarifications. Because of the small size of the organization, each employee has constant and continuous

supervision and contact with management. No program or commitment is undertaken without the direct involvement, review, and approval of, at least, the Executive Director. The organization prides itself upon its ability to creatively and flexibly identify networking opportunities to leverage its limited resources by bringing in volunteers and partnering organizations. Nevertheless, management has tasked Mike Leventhal with the responsibility to identify appropriate topics for the development of policies and procedures and to identify sources for model policies and procedures that might be adaptable to the needs of the organization. This effort is ongoing.

RECOMMENDATION SUMMARY

The Tennessee Men's Health Network should address the following areas to improve the efficiency and effectiveness of its operations:

- The president of the Men's Health Network may wish to improve internal controls to provide greater security over the transactions and funds of the organization. These may include a third person reviewing the ledger, someone other than the president reconciling the bank statements, and implementing computerized bookkeeping.
- The Tennessee Men's Health Network, in conjunction with the Men's Health Network, should prepare and approve a written set of policies and procedures to guide board members and staff as they perform their duties.



**Office of the Attorney General
Paul G. Summers**

NEWS RELEASE

Office of the Attorney General at
P.O. Box 20207 Nashville, TN 37202-0207

FOR IMMEDIATE RELEASE
June 9, 2003
#03-10

CONTACT:
Sharon Curtis-Flair
(615) 741-5860

**ATTORNEY GENERAL AWARDS \$5.6 MILLION TO TENNESSEE
ORGANIZATIONS IN STATE'S LARGEST ANTITRUST SETTLEMENT IN HISTORY**

Tennessee Attorney General Paul G. Summers announced today his office is awarding more than \$5 million to 75 organizations to settle charges that vitamin manufacturers engaged in price-fixing.

Tennessee's share of the money--the largest antitrust settlement in Tennessee's history--is the result of a national agreement involving a ten-year price-fixing conspiracy among vitamin manufacturers. The agreement follows a lawsuit against six companies.

The defendants are alleged to have illegally conspired to raise the price of vitamins bought by consumers. As a result, consumers paid more money for everything from vitamin tablets to products such as cereal, meat and baby food enriched with vitamins.

"We are pleased so many Tennesseans will benefit from such an unfortunate situation," Attorney General Summers said.

The Attorney General's Office put out an announcement for organizations to apply for the awards in August 2001. A diversified committee from across the state selected the 75 recipient organizations based on a variety of factors. The chief requirement was that the money be used exclusively for the improvement of health and/or nutrition purposes.

"Since it would be virtually impossible to determine how much money each Tennessean would be entitled to, we felt this distribution method would be the fairest way to reach as many

Tennesseans as possible.”

The alleged price-fixing began in 1989 and continued until 1998, according to information uncovered by the 23-state task force. The defendants included manufacturers, marketers and distributors of bulk vitamin products for sale in the United States, Puerto Rico and the District of Columbia.

The defendants are alleged to have fixed prices and allocated the market share in products used as ingredients in animal and human nutritional products and even cosmetics.

“This agreement is by far the largest antitrust agreement in this state’s history,” Summers said. “It represents the culmination of years of extensive investigation, analysis and trial preparation by more than 100 law firms and 23 state attorneys general.”

Appendix B. – Paragraphs From Appropriations Bills for Fiscal Years 2005-2009

Following are the relevant paragraphs from the appropriations bills for fiscal years 2005 through 2009, the years the State of Tennessee appropriated money to the Tennessee Men's Health Network.

Public Chapter No. 961, Section 12, Item 12, Appropriations Bill for Fiscal Year Ended June 30, 2005

“In addition to any other funds appropriated by the provisions of this act, there is appropriated the sum of \$95,000 (non-recurring) to the Department of Health for the sole purpose of contracting, on a one-for-one matching basis, for health education services or programs for males with a nonprofit organization whose mission is health awareness for males, provided, however, that such a nonprofit organization has been established in Tennessee prior to January 1, 2004, and has received funding through the vitamin supplement settlement of June 2003 administered by the Tennessee Attorney General's office. The organization must have experience with general health outreach and education activities for males in Tennessee, including activities for the general population and the underserved living in Tennessee.”

Public Chapter No. 503, Section 12, Item 17, Appropriations Bill for Fiscal Year Ended June 30, 2006

[Auditor note: This is identical to the language of the previous year.]

“In addition to any other funds appropriated by the provisions of this act, there is appropriated the sum of \$95,000 (non-recurring) to the Department of Health for the sole purpose of contracting, on a one-for-one matching basis, for health education services or programs for males with a nonprofit organization whose mission is health awareness for males; provided, however, that such a nonprofit organization has been established in Tennessee prior to January 1, 2004, and has received funding through the vitamin supplement settlement of June 2003 administered by the Tennessee Attorney General's office. The organization must have experience with general health outreach and education activities for males in Tennessee, including activities for the general population and the underserved living in Tennessee.”

Public Chapter No. 963, Section 12, Item 21, Appropriations Bill for Fiscal Year Ended June 30, 2007

“In addition to any other funds appropriated by the provisions of this act, there is appropriated the sum of \$95,000 (recurring) to the Department of Health for the sole purpose of making a grant in such amount to the Tennessee Men's Health Network, to be used for programmatic and operational expenses.”

Public Chapter No. 603, Section 12, Item 62, Appropriations Bill for Fiscal Year Ended June 30, 2008

“In addition to any other funds appropriated by the provisions of this act, there is appropriated the sum of \$190,000 (\$95,000 recurring; \$95,000 non-recurring) to the Department of Finance and Administration for the sole purpose of contracting with a nonprofit organization for promotion of health awareness among Tennessee males. Such nonprofit organization must have been established prior to January 1, 2004; must have received a contract administered through the Tennessee Department of Health; must have received funding through the vitamin supplement settlement of June 2003, administered by the Tennessee Attorney General’s office; and must possess substantial experience with general health outreach and education activities for males in Tennessee, including activities for the general population and the underserved living in Tennessee.”

Public Chapter No. 1203, Section 12, Item 27, Appropriations Bill for Fiscal Year Ended June 30, 2009

“In addition to any other funds appropriated by the provisions of this act, there is appropriated the sum of \$190,000 (non-recurring) to the Department of Health for the sole purpose of making a grant in such amount to the Men’s Health Awareness Network. Prior to April 1, 2009, the Comptroller of the Treasury shall audit the activities and expenditures of the network and shall file findings and recommendations with the Finance, Ways, and Means Committees of the Senate and the House of Representatives.”