

BILL PURCELL
MAYOR



METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

DEPARTMENT OF FINANCE
OFFICE OF FINANCIAL ACCOUNTABILITY
222 3RD AVENUE NORTH, SUITE 650
NASHVILLE, TN 37201

December 14, 2004

Ms. Nikki Meyer
Justice Integrated Services
Parkway Towers
404 James Robertson Parkway, Suite 2020
Nashville, TN 37219

Dear Mrs. Meyer:

Please find attached the final Procurement Monitoring Report for the Justice Integrated Services Department. This report explains the results of our review of delegated authority purchases and procurement card use from May 2003 through April 2004. You previously reviewed and responded to the issues in the preliminary report issued November 22, 2004. Your responses have been incorporated in this final report.

We appreciate the staffs' cooperation and assistance provided us during the review. If you have any questions, please call me at (615) 880-1035.

Sincerely,

Fred Adom, CPA
Director

cc: David L. Manning, Director of Finance
Beth Johnson, Justice Integrated Services
Talia Lomax-O'dneal, Deputy Director of Finance
Kim McDoniel, Audit Manager
Mitzi Martin, Chief Accountant
Kevin Brown, Office of Financial Accountability



Metropolitan Government of Nashville and Davidson County

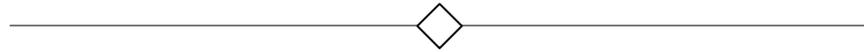
222 3rd Ave. N.
Suite 650
Nashville, TN 37201

615-862-6170 office
615-862-6175 fax

www.nashville.gov/finance

◆ Procurement Monitoring Report of ◆

Justice Integrated Services



Issued by



Office of Financial Accountability

December 14, 2004

Fred Adom, CPA
Director

Auditor:
Kevin Brown

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

**MONITORING REPORT
FOR THE
JUSTICE INTEGRATED SERVICES**

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EXECUTIVE SUMMARY

The Office of Financial Accountability (hereinafter referred to as "OFA") has completed a procurement monitoring review for the Justice Integrated Services (hereinafter referred to as "JIS" or "agency"). The OFA is charged with the responsibility of monitoring the prompt pay performance, delegated purchasing authority, and purchasing card activity for the departments of the Metropolitan Government of Nashville and Davidson County (hereinafter referred to as "Metro"). The OFA is also responsible for monitoring the Federal and State grants to Metro departments and to nonprofit organizations receiving direct appropriations from the Metro Council.

Overview of the Department

The Justice Integrated Services manages, operates and maintains the information systems that support the administration of justice and the courts for the Metropolitan Nashville and Davidson County Government.. The JIS provides many services to users in the justice community. A sample of these services includes network hardware, network services, E-mail, anti- virus software, technical support, alphanumeric paging, and network scripts for download of CJIS patches. The JIS also supports over 400 users in 6 agencies and provides second tier support to 5 additional JIS agencies. JIS is responsible for the training needs for these areas as well.

The JIS Applications Development and Support area is responsible for the database and functional support of a multitude of JIS applications. Many of these operations operate on a 24/7 basis. JIS also has a Office Administration Division which provides day to day administrative support for the agency including payroll, purchasing, budget development, and personnel management.

Objectives, Scope, and Methodology

A monitoring review is substantially less in scope than an audit. The OFA did not audit JIS' financial statements and, accordingly, does not express an opinion or any assurances regarding the financial statements of JIS. The objectives for our procurement review were as follows:

- To determine whether expenditures were allowable and necessary.
- To determine if the JIS is in compliance with the Metropolitan Government of Nashville and Davidson County's Procurement Code and Operating Procedures for the Purchasing Card Program.
- To determine whether there were unauthorized uses of the JIS' purchasing card.
- To identify any patterns in expenditures and payment habits of the cardholders.
- To determine whether purchases were made in accordance with OMB Circular A-87, the minimum federal, state and local requirements, and grantor guidelines.
- To determine whether the agency has adequate and effective internal controls over its purchasing card program.

The review covered the activity for procurement transactions for the period of May 1, 2003 through April 30, 2004. To accomplish the objectives of the monitoring review, the methodology encompassed various interviews and an objective review of fiscal transactions and supporting documentation, including employee's training files. Through analytical procedures and random sampling, the OFA reviewed 98 of the transactions from the Visa purchasing cards and 56 items related to purchase vouchers.

Overall Findings and Major Review Highlights

Our review revealed the following discrepancies in internal control and compliance with policies and procedures.

1. Supporting documentation was missing or inadequate for purchasing transactions.
2. Expenses for travel were not compliant with Metro travel regulations.

The section that follows provides more detailed information for each of the above findings. Management is given an opportunity to respond to each finding. Each response is included herein immediately following the respective finding.

FINDINGS, RECOMMENDATIONS AND MANAGEMENT'S COMMENTS

1. Supporting documentation was missing or inadequate for purchasing transactions.

FINDING

Our tests revealed that the JIS has not maintained adequate supporting documentation for some purchases. We found several problems with documentation of purchases by purchasing cards. The OFA noted several procurement card purchases that were missing certain supporting documentation.

Missing Documentation:

Purchases made by the JIS were missing supporting documentation such as invoices, receipts, purchase orders, and credit memos. Table below lists sampled purchases tested that were unsupported.

Item	Dept.	Type	Vendor	Amount
1	JIS	PC	STI Knowledge Monte Carlo	\$479.66
2	JIS	PC	Nextel Wireless Services	\$705.58
3	JIS	PC	BellSouth Internet	\$22.73
4	JIS	PC	BellSouth Internet	\$22.73
5	JIS	PC	BellSouth Internet	\$22.73
6	JIS	PC	Seminars National Padgett	\$31.95

Missing Cardholder's Signature on receipt or invoice:

One purchase tested by the OFA revealed a lack of an appropriate signature necessary in authorizing the transaction for payment. See Table 1-2 in Appendix A for a detailed listing.

Item	Dept.	Type	Vendor	Amount
1	JIS	PC	Joy's Flowers	\$50.95

No business purpose stated on the receipt or invoice:

OFA could not determine the business purposes of some purchases. These purchase included internet service, flowers and meals for employees. The JIS did not note enough documentation to clearly state the business purposes of those charges to assist the OFA in determining whether the expenditures were reasonable and necessary. The following table lists those payments.

Item	Dept.	Type	Vendor	Amount
1	JIS	PC	BellSouth Internet	\$22.73
2	JIS	PC	Joy's Flowers	\$50.95
3	JIS	PC	Seminars National Padgett	\$31.95
4	JIS	PC	STI Knowledge Monte Carlo	\$479.96
6	JIS	PC	San Antonio Taco	\$73.95
7	JIS	PC	BellSouth Internet	\$22.73
8	JIS	PC	Cookie Bouquet	\$40.42
9	JIS	PC	BellSouth Internet	\$22.73

FINDINGS, RECOMMENDATIONS AND MANAGEMENT'S COMMENTS

Section 5A of the Policies and Procedures Manual for the Purchasing Card Program states “the cardholder shall maintain a record of each purchase by maintaining the receipts of purchases, receiving documents, confirmations (for telephone orders), packing slips, and travel related receipts”. Maintaining adequate supporting documentation is vital in maintaining the integrity and legitimacy of the procurement activities. Adequate supporting documentation helps to ensure that liabilities incurred by Metro are appropriate and that public funds are used in such a way as to promote the public’s best interest. Maintaining supporting documentation also helps to mitigate the risk that public funds are mismanaged. Without such documentation, it is impossible to verify if a transaction was authorized and approved. It is also impossible to determine if the amount paid was accurate and properly made for Metro purposes. Good business practice dictates that detailed documentation is obtained and reviewed for all expenditures made by the governmental entity.

RECOMMENDATION

The department should ensure that employees maintain adequate and appropriate supporting documentation within the department. The documentation maintained should be sufficiently detailed and adequately disclose the purpose of the transaction and how it pertains to department business. Documentation to support charges for meals should include at least a copy of the agenda and the list of attendees and those served

MANAGEMENT'S COMMENTS

Missing Documentation: We concur. Some charges were automatic monthly charges which we were not invoiced for. Others were just undocumented in the appropriate place. JIS will be diligent in ensuring all items are sufficiently documented.

Missing Cardholder's Signature on receipt or invoice: We concur in part. This was a phone order so no signature was applied.

No business purpose stated on the receipt or invoice: We concur. Since this audit, JIS has been diligent in recording the purpose on each invoice or receipt and documenting the record in PaymentNet.

FINDINGS, RECOMMENDATIONS AND MANAGEMENT'S COMMENTS

2. **Expenses for travel were not compliant with Metro travel regulations.**

FINDING

Tests revealed violations of Metro travel regulations. OFA noted instances where travel related expenses were paid for using Metro procurement cards without being supported by written approved travel authorization from the elected official for which the JIS office reports. The table lists several travel related transactions that OFA noted without the proper documented approval of the elected officials

Item	Dept.	Type	Vendor	Amount
1	JIS	PC	Southwest Air	\$460.00
2	JIS	PC	Southwest Air	\$167.50
3	JIS	PC	Southwest Air	\$128.00
4	JIS	PC	Southwest Air	\$77.00
5	JIS	PC	Southwest Air	\$178.50
6	JIS	PC	Southwest Air	\$294.00
7	JIS	PC	Hilton Garden Inn	\$569.24
8	JIS	PC	Renaissance Hotels	\$597.61
9	JIS	PC	Super Shuttle	\$18.00
10	JIS	PC	Park Express Fly	\$38.02
11	JIS	PC	Century Plaza Hotel & Spa	\$1,060.00

On page 9 and 10 of the Metropolitan Government of Nashville and Davidson County Comprehensive Travel Policy, it states "All travel by an employee of an elected official must be made and reimbursement claimed in accordance with the Metropolitan Government travel policy, including reimbursement rates. The only exception to the policy for employees of elected officials is approval of travel authorization. All travel must be authorized by the elected official. Approval by the Finance Director is not required for employee travel."

RECOMMENDATION

The JIS should take the necessary steps to ensure that the elected official approves all travel and that copies of the travel authorizations are maintained to support travel related expenses.

MANAGEMENT'S COMMENTS

We concur in part. JIS is governed by a JIS Policy Committee made up of all the elected and appointed justice and public safety officials. This body elects a chair each year. The chair (or vice-chair in his/her absence) has always approved JIS travel for the Director and the Director approves travel for employees. This authorization has always been via email. Effective July 1, 2004, JIS began obtaining approval via Metro's Travel Application after receiving approval from the appropriate elected official for the Director. Also, email from Chair approving travel will be attached to travel documentation.

APPENDIX A

The following tables provide the detail for the findings in the previous section. .

Table 1-1

Item	Dept.	Type	Cardholder	Vendor	Amount
1	JIS	PC	James Howell	STI Knowledge Monte Carlo	\$479.66
2	JIS	PC	James Howell	Nextel Wireless Services	\$705.58
3	JIS	PC	Randy Bryant	BellSouth Internet	\$22.73
4	JIS	PC	Randy Bryant	BellSouth Internet	\$22.73
5	JIS	PC	Randy Bryant	BellSouth Internet	\$22.73
6	JIS	PC	Randall Ladd	Seminars National Padgett	\$31.95

Table 1-2

Item	Dept.	Type	Cardholder	Vendor	Amount
1	JIS	PC	Stiers	Joy's Flowers	\$50.95

Table 1-3

Item	Dept.	Type	Cardholder	Vendor	Amount
1	JIS	PC	Randy Bryant	BellSouth Internet	\$22.73
2	JIS	PC	Stiers	Joy's Flowers	\$50.95
3	JIS	PC	Ladd	Seminars National Padgett	\$31.95
4	JIS	PC	James Howell	STI Knowledge Monte Carlo	\$479.96
5	JIS	PC	James Howell	Nextel Wireless	\$705.58
6	JIS	PC	Nikki Meyers	San Antonio Taco	\$73.95
7	JIS	PC	Randy Bryant	BellSouth Internet	\$22.73
8	JIS	PC	Beth Johnson	Cookie Bouquet	\$40.42
9	JIS	PC	Randy Bryant	BellSouth Internet	\$22.73

Table 2-1

Item	Dept.	Type	Cardholder	Vendor	Amount
1	JIS	PC	James Howell	Southwest Air	\$460.00
2	JIS	PC	Beth Johnson	Southwest Air	\$167.50
3	JIS	PC	Beth Johnson	Southwest Air	\$128.00
4	JIS	PC	Beth Johnson	Southwest Air	\$77.00
5	JIS	PC	Beth Johnson	Southwest Air	\$178.50
6	JIS	PC	Beth Johnson	Southwest Air	\$294.00
7	JIS	PC	Beth Johnson	Hilton Garden Inn	\$569.24
8	JIS	PC	Nikki Meyer	Renaissance Hotels	\$597.61
9	JIS	PC	Nikki Meyer	Super Shuttle	\$18.00
10	JIS	PC	Lee Robinson	Park Express Fly	\$38.02
11	JIS	PC	Nikki Meyer	Century Plaza Hotel & Spa	\$1,060.00