

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

March 2, 2007

Lannie Holland
Debt Service
222 3rd Avenue North
Nashville, Tennessee 37201

Dear Mr. Holland

Please find attached the preliminary Procurement Monitoring Report for Debt Service. This report explains the results of our review of delegated authority purchases and procurement card use from July 1, 2005 through December 31, 2006. Staff from The Office of Financial Accountability conducted the fieldwork for this review on February 7, 2007.

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

Fred Adom, CPA
Director

cc: David Manning, Director of Finance
Talia Lomax-O'dneal, Deputy Director of Finance
Don Dodson, Director of Internal Audit
Tom Eddlemon, Department of Finance
Ken Maynard, Assistant Director of Finance
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◆ Procurement Monitoring Report of ◆

Debt Service

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Issued by



The Office of Financial Accountability

March 2, 2007

Fred Adom, CPA
Director

Bill Walker, CPA
Auditor

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

**MONITORING REPORT
FOR THE
DEBT SERVICE**

TABLE OF CONTENTS

Monitoring Objectives, Scope and Methodology	4
Executive Summary	5

OBJECTIVES, SCOPE, AND METHODOLOGY

The Office of Financial Accountability (hereinafter referred to as OFA) has completed a procurement monitoring review for the Debt Service. The OFA is charged with the responsibility of monitoring the prompt pay performance, delegated purchasing authority and procurement cards for departments of the Metropolitan Government of Nashville and Davidson County. 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

Debt Service is managed by the Treasury Division within the Department of Finance. The primary responsibility of Debt Service is to account for and ensure timely payment of the principle and interest payments on Metro debt and obligations.

Objectives, Scope, and Methodology

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 Debt Service. The OFA's role in this review was to review the Debt Service's practices and procedures for procuring goods and services for its operations in compliance with Metro Nashville Government Procurement regulations. Our objectives for the review were:

- To determine whether costs were allowable and necessary
- To determine if the Debt Service 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 Debt Service purchasing cards.
- 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 and the minimum federal, state and local requirements.
- To determine whether the agency has adequate and effective internal controls over its purchase cards

The review covered the activity for procurement transactions for the period of July 1, 2005 through December 31, 2006. To accomplish the objectives of the monitoring review, the methodology encompassed various interviews and an objective review of fiscal transactions and supporting documentation. The OFA obtained and reviewed the total population of procurement transactions for Debt Service. Through analytical procedures and random sampling, the OFA randomly selected 20 procurement transactions for testwork.

EXECUTIVE SUMMARY

Overall Findings and Major Review Highlights

Our review revealed **no** discrepancies in internal control and compliance with policies and procedures.