

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY



May 23, 2011

Sheriff Daron Hall
Davidson County Sheriff's Office
506 2nd Avenue, North
Nashville, TN 37201

Dear Sheriff Hall:

Please find attached the Procurement Monitoring Report for the Davidson County Sheriff's Office. This report explains the results of our review of delegated purchasing authority, procurement VISA card and Lowe's Business Account usage during fiscal year ended June 30, 2010. Staff from the Office of Financial Accountability conducted the fieldwork for this review during the week of April 25, 2011.

Please review and respond to the finding on or by **Monday June 6, 2011**. Each response should include a statement of agreement or disagreement, indicated by stating one of the following: "**We concur**," "**We concur in part**," or "**We do not concur**." Upon receipt in our office, these responses will be incorporated in the final report in the section entitled "Management's Comments."

We appreciate the assistance provided by your agency during the course of the review. If you have any questions, please call me at 615-880-1035.

Sincerely,

Fred Adom, CPA
Director

cc: Pete Lutz, DCSO Director of Finance
Richard M. Riebeling, Director of Finance

Talia Lomax-O'dneal, Deputy Director of Finance
Gene Nolan, Deputy Director of Finance
Kim McDoniel, Chief of Accounts
Mark Swann, Internal Audit
Kevin Brown, Office of Financial Accountability
Essie Robertson, Office of Financial Accountability
Brad Thompson, Office of Financial Accountability



Metropolitan Government of Nashville and Davidson County

DAVIDSON COUNTY SHERIFF'S OFFICE

◆ Monitoring Report ◆

Conducted by



Office of Financial Accountability

May 23, 2011

MONITORING REPORT

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INTRODUCTION

The Office of Financial Accountability (hereinafter referred to as “OFA”) has completed a procurement review of the Davidson County Sheriff’s Office compliance with *Metro Nashville and Davidson County Procurement Code* and *Procurement Regulations*. In addition, the OFA reviewed all Lowe’s Business Account charges by the Sheriff’s Office for the fiscal year 2010.

A 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 assurances regarding the financial statements of Metro or any of its component units.

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. The OFA also conducts prompt pay performance, delegated purchasing authority, and procurement reviews for Metro departments. In summary, any agreement that imposes performance and/or financial requirements on Metro government is subject to review by the OFA.

Agency Background

The mission of the Davidson County Sheriff’s Office (DCSO) states “we strive to be the leader in the field of corrections, service of civil process, and innovative community based programs, emphasizing accountability, diversity, integrity and professionalism.” The DCSO’s primary duties are to house inmates and to process and serve civil warrants. The DCSO is not responsible for enforcing criminal law as that function is the responsibility of the Metro Police Department. The DCSO remains the only system wide agency fully accredited by the American Correctional Association.

OBJECTIVES, SCOPE & METHODOLOGY

The objectives of our review were:

- 1) To determine the agency's compliance with Metro's Policies and Procedures.
- 2) To determine whether procurement card expenditures were allowable and necessary.
- 3) To determine whether purchasing card transactions were authorized and sufficiently documented.
- 4) To determine whether purchases were made in accordance with OMB Circular A-87, the minimum federal, state and local requirements, and grantor guidelines.
- 5) To determine whether the agency has adequate and effective internal controls over its purchasing card program.
- 6) To determine whether the agency was in compliance with the terms of the Lowe's Business Account charge program.

Our review procedures included meeting with agency management and staff, reviewing internal controls over procurement card use, and examining certain financial records and supporting documentation to ensure compliance with requirements set forth in Metro's official procurement policies. Specific procedures included:

- Comparing procurement card charges with original receipts, supporting documentation and travel authorizations.
- Reviewing supporting documentation for accuracy, necessity and reasonableness.
- Identifying split purchases and unauthorized or fraudulent transactions.
- Investigating discrepancies and following up as necessary.
- Reviewing Lowe's charges and documentation for accuracy, necessity and reasonableness and ensuring that only the authorized users made purchases using this program.

RESULTS OF REVIEW

SUMMARY OF RESULTS

Criteria	Yes	No
Compliance with Metro Policies and Procedures?		✓
Expenditures Allowable and Necessary?	✓	
Transactions Authorized and Sufficiently Documented?	✓	
Transactions Consistent with OMB Circular A-87?	✓	
Internal Controls Implemented and Appear Adequate?	✓	
Transactions in Compliance with Lowes Business Account Policies and Procedures?	✓	

FINDINGS, RECOMMENDATIONS & MANAGEMENT'S RESPONSE

Finding

1. Compliance with Metro Travel Regulations

During the course of our review, we noted one violation of the travel regulations regarding the selection of the lowest cost airfare when possible.

The instance involved a return flight from Nashville to Portland, Oregon purchased on May 11, 2010. The employee purchased "Business Select" tickets at the cost of \$449.00 each way, while there were "Wanna Get Away" rates available on the same flight for much less. Based on tests performed, it cost Metro an additional \$218 on the departing flight and \$102 on the return flight for traveling on the same flight. The extra \$320 was unnecessary because Southwest Airlines does not offer separate "classes" on their flights.

Flight	Vendor	Tickets Purchased	Tickets Available	Difference
Nashville to Portland, OR	Southwest Airlines	Business Select \$449	Wanna Get Away \$231	\$ 218
Portland, OR to Nashville	Southwest Airlines	Business Select \$449	Wanna Get Away \$347	\$ 102
	Total	\$ 898	\$ 578	\$ 320

According to the Southwest Airlines' customer information, the advantage of the "Business Select" class is that it affords those flyers first-boarding privileges. Business Select passengers also receive extra credit on the airlines reward program and a free cocktail.

On page 1 of the Metropolitan Government of Nashville and Davidson County Comprehensive Travel Policy under the General Policies heading, it states "When traveling, employees should be as conservative as circumstances permit. The lower cost shall be selected whenever practical. Reimbursement for travel shall be based upon the most direct or expeditious route possible. Employees traveling by an indirect route must assume any extra expense incurred." We do not consider the purchase of the "Business Select" tickets while the "Wanna Get Away" tickets were available on the same flight as conservative.

FINDINGS, RECOMMENDATIONS & MANAGEMENT'S RESPONSE

Recommendation

The DCSO should take the necessary steps to ensure staff compliance with the Metro travel policy. DCSO should pursue the necessary steps to recoup the funds from employees that violate the travel policy.

Management's Response

<INSERT MGMT. COMMENTS HERE>