

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY



September 21, 2016

Donna Blackbourne Jones, Director
Criminal Justice Planning
222 Second Avenue North, Suite 420
Nashville, TN 37201

Dear Ms. Jones:

Please find attached the final monitoring report on the Office of Criminal Justice Planning's use of Metro credit cards. This report explains the results of our review of delegated purchasing authority and VISA and MasterCard credit card transactions from July 1, 2012 through February 29, 2016. You previously reviewed and responded to the preliminary report. Your responses to the preliminary report have been incorporated into this final report.

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

Sincerely,

**Fred Adom, CPA,
CGMA, CICA**

Digitally signed by Fred Adom, CPA, CGMA, CICA
DN: cn=Fred Adom, CPA, CGMA, CICA, o=Metro
Department of Finance, ou=Office of Financial
Accountability, email=fred.adom@nashville.org, c=US
Date: 2016.09.21 16:03:52 -05'00'

Director, Office of Financial Accountability

cc:

Talia Lomax-O'dneal, Director of Finance, Department of Finance
Gene Nolan, Deputy Director of Finance, Department of Finance
Kim McDoniel, Chief of Accounts, Department of Finance
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Jeff Gossage, Purchasing Agent, Department of Finance
Mark Swann, Metropolitan Auditor, Office of Internal Audit
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◆ Monitoring Report of ◆

Criminal Justice Planning

Conducted by



Office of Financial Accountability

September 21, 2016

MONITORING REPORT

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INTRODUCTION

The Office of Financial Accountability (hereinafter referred to as "OFA") has completed a credit card review of the Criminal Justice Planning compliance with the *Metro Code of Law Title 4, Procurement Code* and compliance with the *Metro Finance Policy #19: Credit Card Policy*.

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, including credit card usage by Metro departments. In summary, any agreement that imposes performance and/or financial requirements on Metro government is subject to review by the OFA.

This review was conducted as part of the comprehensive review of credit cards use by all Metro Departments as requested by the Metro Council. At the conclusion of the review of all applicable Metro departments, the OFA will compile a summary report of the results of the review of all departments.

Agency Background

The mission of the Criminal Justice Planning is to "provide system-wide criminal justice data and reporting products to various criminal justice departments and policymakers so they can make informed decisions in developing management strategies for the Davidson County criminal justice system. The goal of Criminal Justice Planning is to assist policy makers in better planning for the expected population of correctional facilities, intermediate sanctions, and other criminal justice services and programs. Criminal Justice Planning's main focus is to forecast inmate populations under correctional supervision by the use of computer modeling.

Per the FY 2016 Recommended Budget Book, the Criminal Justice Planning had 4 total budgeted positions and an operating budget of \$473,700.

OBJECTIVES, SCOPE AND METHODOLOGY

The scope of the credit card review period covered July 1, 2012 through February 29, 2016. There was one cardholder in the Criminal Justice Planning during the review period. See the table below for details:

Cardholder Name	Time Period	Number of Transactions	Dollar Value of Transactions
Cardholder A	7/2012 – 2/2016	3	\$1144.50
Cardholder B	7/2012 – 2/2016	3	\$114.91
Totals		6	\$1,259.41

The Office of Financial Accountability reviewed one hundred percent (100%) of the credit card activity.

The objectives of our review were:

- 1) To determine the agency's compliance with M.C.L. Title 4, Procurement Code.
- 2) To determine the agency's compliance with Metro Finance Policy #19: Credit Cards.
- 3) To determine whether credit card expenditures were allowable and necessary.
- 4) To determine whether purchasing transactions were authorized and documented.
- 5) To determine whether the agency has adequate and effective internal controls over its credit card program.

Our review procedures included meeting with agency management and staff, reviewing internal controls over credit 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 credit 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.

RESULTS OF REVIEW

Overall Findings and Major Review Highlights

Our review revealed the following issues of non-compliance with M.C.L. Title 4, Procurement Code and Metro Finance Policy #19: Credit Card. Criminal Justice Planning:

1. Used cards for contracted purchases.
2. Failed to maintain adequate supporting documentation.

The section that follows provides more detailed information for the items listed above. Management is given an opportunity to respond to the finding.

FINDINGS AND RECOMMENDATIONS

1. Used cards for contracted purchases

Finding

Criminal Justice Planning utilized the credit card to make four (4) transactions for office supplies. While office supplies are a legitimate business expense, the purchase of office supplies with a Metro credit card is a violation of Metro policy. The Procurement Division within the Finance Department has secured a contract with a vendor for office supplies at a discounted rate. Therefore, while the purchasing of office supplies, outside of Metro contract, is for legitimate business, it is considered wasteful in the aspect that the department is failing to take advantage of the discounted pricing that is available through the Metro contract. Per *Metro Finance Policy #19: Credit Cards 1) General Policies a) "the credit card can be used to purchase and make payment for approved transactions only including travel and related cost (hotels, car rentals, food, and ancillary items), petty cash type purchases, conference registrations, subscriptions and emergency purchases (as defined by the Purchasing Agent). **Note: All purchases are subject to established purchasing regulations. The credit card is not a payment/purchasing card and is not to be used for routine procurements from contracted suppliers."***

RECOMMENDATION

Criminal Justice Planning should ensure that needed office supplies are purchased from the Metro contracted vendor. In the extraordinary circumstances that would necessitate Criminal Justice Planning to purchase outside the approved contract, Criminal Justice Planning should ensure compliance with the guidelines requirements for Emergency Purchases as required by M.C.L. 4.12.070 Emergency procurements.

MANAGEMENT'S COMMENTS

We concur and will follow policy.

2. Failed to maintain adequate supporting documentation.

Finding

The OFA noted that 100% of the transactions for which the supporting documentation was provided was not signed or initialed by the cardholder. Cardholder's signature is a vital part of the necessary documentation to support the credit card charges. It serves two purposes, 1) it shows that the cardholder was in fact the person who used the card to complete the transaction and 2) it identifies the individual authorized the use of the credit card. Per *Metro Finance Policy #19 2) Card Authorization a) "Only the employee whose name is embossed on a credit card may use the card. No other person is authorized to use the card. The use of the card shall not be delegated to any other person. Cardholder shall use the credit card for Metro authorized purchases only."* In addition, per the *Metro Credit Card Cardholder Responsibility Acknowledgement*, "the card issued to me must not be used by anyone other than myself. (This includes other Metro employees)."

RECOMMENDATION

The Criminal Justice Planning should ensure that the cardholders review and sign the credit card supporting documentation to ensure that no one other than the cardholder is utilizing the Metro credit card.

MANAGEMENT'S COMMENTS

We concur and will follow policy.