

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY



November 29, 2016

Michele Donegan – Director
Emergency Communications Center
2060 15th Avenue South
Nashville, TN 37212

Dear Ms. Donegan:

Please find attached the final report on the Emergency Communications Center'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
Director, Office of Financial Accountability

cc: Dwayne Vance, Emergency Communications Center
Talia Lomax-O'dneal, Director of Finance, Department of Finance
Gene Nolan, Deputy Director of Finance, Department of Finance
Kim McDoniel, Deputy Director of Finance, Department of Finance
Phil Carr, Chief of Accounts, Department of Finance
Tom Eddlemon, Metropolitan Treasurer, Department of Finance
Jeff Gossage, Purchasing Agent, Department of Finance
Mark Swann, Metropolitan Auditor, Office of Internal Audit

Kevin Brown, CMFO, CICA, CFE, Office of Financial Accountability
Essie Robertson, CPA, CMFO, CICA, Office of Financial Accountability
Matthew Fouad, Office of Financial Accountability



◆ Monitoring Report of ◆

Emergency Communications Center

Conducted by



Office of Financial Accountability

November 29, 2016

MONITORING REPORT

TABLE OF CONTENTS

INTRODUCTION..... 5

OBJECTIVES, SCOPE AND METHODOLOGY 6

RESULTS OF REVIEW..... 7

FINDINGS AND RECOMMENDATIONS.....8

INTRODUCTION

The Office of Financial Accountability (hereinafter referred to as "OFA") has completed a credit card review of the Emergency Communications Center's 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 Emergency Communications Center's mission is "to provide initial emergency and non-emergency first responder products to the Public and our First Responder Partners so they can experience the benefits of a healthier, more secure community." Per the Fiscal Year 2016 Operating Budget Book, the Emergency Communications Center had 185 total budgeted positions and an operating budget of \$14,146,500.00.

OBJECTIVES, SCOPE AND METHODOLOGY

The scope of the credit card review period covered July 1, 2012 through February 29, 2016. There were five (5) cardholders in the Emergency Communications Center during the review period. See the table below for details:

Cardholder Name	Number of Transactions	Dollar Value of Transactions
Cardholder A	533	\$239,889.92
Cardholder B	349	\$52,881.64
Cardholder C	39	\$16,225.82
Cardholder D	92	\$36,619.66
Cardholder E	65	\$43,277.26
Totals	1,078	\$388,894.30

The Office of Financial Accountability reviewed 118 transactions (11%) 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 sufficiently 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. The Emergency Communications Center:

1. Improperly used Metro Credit Card for non-business (personal) transaction,
2. Failed to maintain adequate supporting documentation,
3. Failed to exercise exempt status by improperly paying sales tax,

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

FINDINGS AND RECOMMENDATIONS

1. Improperly used Metro Credit Card for non-business (personal) transaction.

FINDING

Based on test work completed, the Emergency Communications Center improperly used the Metro credit card to purchase items which appears to have been non-business related. Our review revealed four (4) transactions in the amount of \$1,114.57 to purchase food and supplies for multiple retirement parties. The transactions in question were not a necessary business expense for the Emergency Communications Center to be able to conduct business; therefore, the transactions have been deemed to be non-business and therefore need to be refunded to Metro.

Per Metro Finance Policy #19: Credit Card Section 3) Expectations of Cardholders c) "Use of the credit card for personal expenses is a misappropriation of Metro Funds. Any use of the credit card for personal expenses will result in cancellation of the card and may result in disciplinary action. Any cardholder who uses the card for personal charges will be barred from future use of a Metro card." In addition, per the Metro Credit Card Cardholder Responsibility Acknowledgement that details the responsibilities of the cardholder, for which is reviewed and signed by the cardholder prior to taking physical possession of the Metro credit card, states "I will not use the card for any non-Metro purpose including personal expenses."

RECOMMENDATIONS

The Emergency Communications Center should take immediate measures to ensure the responsible cardholder reimburse Metro Nashville Government for the total value of the personal transaction identified.

The Emergency Communications Center should also take the necessary steps to ensure that cardholders of a Metro Credit card comply with rules and regulations as stated within their Notice of Purchasing Delegation, the M.C.L. Title 4 Procurement Code, and Metro Finance Policy #19: Credit Card Policy, and the Cardholder Responsibility Acknowledgement Agreement.

MANAGEMENT'S COMMENTS

We concur in part. The Department of Emergency Communications has provided additional information to show that reimbursement in the amount of \$927.96 has been made. ECC no longer host retirement functions.

AUDITORS COMMENTS

We confirm that ECC provided documentation after the preliminary report was issued to prove that Emergency Communications District of Metro Nashville & Davidson County refunded \$927.96 of those expenses as stated in the Management's Comments above. The difference of \$186.61 remains outstanding and due to Metro.

2. Failed to maintain adequate supporting documentation.

FINDING

The Emergency Communications Center failed to maintain invoices and/or sales receipts to support 7 out of 118 (6%) of the transactions tested. Without supporting documentation, the Emergency Communications Center was unable to support the business purpose of the transactions. Per *Metro Finance Policy #19 Credit Cards 3) Expectations of Cardholders b) "Cardholders should collect and maintain proper sales receipts and invoices to support all charges. Proper sales receipts should include adequate description of the items purchased and the individual benefitting (when applicable). Credit card charge slips are not sufficient support."*

RECOMMENDATION

The Emergency Communications Center should ensure that cardholders maintain adequate supporting documentation to support credit card transactions.

MANAGEMENT'S COMMENTS

We concur. The Department of Emergency Communications has provided additional supporting documentation (invoice and/or sales receipts) for 5 out of the 7 items sighted.

3. Failed to exercise exempt status by improperly paying sales tax.

FINDING

The Emergency Communications Center improperly paid sales tax on seven (7) transactions totaling \$137.96. Per *Metro Finance Policy #19 3) Expectations of Cardholders d) "Cardholders are also responsible for identifying and disputing erroneous charges, including Tennessee sales tax charges, to their assigned cards. It is the responsibility of the cardholder to dispute the charges as specified in the cardholder agreement."* In addition, *e) "Cardholders should not pay Tennessee sales tax. It is the cardholder's responsibility to dispute Tennessee sales tax charges."*

RECOMMENDATION

The Emergency Communications Center should ensure that Metro Cardholders review and dispute charges associated with Tennessee sales tax. The Emergency Communications Center should also ensure that Metro credit card cardholders adhere to Metro Finance Policy #19.

MANAGEMENT'S COMMENTS

We concur.