

**METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY**



December 13, 2016

Richard Riebeling, Chief Operating Officer  
Mayor's Office  
100 Metro Courthouse  
Nashville, TN 37201

Dear Mr. Riebeling:

Please find attached the final report on the Mayor's Office'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: Diane Treadway, Mayor's Office  
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 ◆

# Mayor's Office

Conducted by



Office of Financial Accountability

December 13, 2016

MONITORING REPORT

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## INTRODUCTION

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The Office of Financial Accountability (hereinafter referred to as "OFA") has completed a credit card review of the Mayor's Office'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 Mayor's Office's mission is "to be responsible for the conduct of the executive and administrative work of the Metropolitan Government." Per the Fiscal Year 2016 Operating Budget Book, the Mayor's Office had 30 total budgeted positions and an operating budget of \$3,293,800.00.

## OBJECTIVES, SCOPE AND METHODOLOGY

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

<b>Cardholder Name</b>	<b>Number of Transactions</b>	<b>Dollar Value of Transactions</b>
Cardholder A	1	\$726.80
Cardholder B	70	\$19,987.97
Cardholder C	5	\$3,324.94
Cardholder D	51	\$13,815.48
Cardholder E	37	\$7,643.47
<b>Totals</b>	<b>164</b>	<b>\$45,498.70</b>

The Office of Financial Accountability reviewed 47 transactions (29%) of the credit card activity. Over 78 percent (37 of the 47) of the credit card transactions occurred during the previous administration. Only 22 percent occurred during the current administration.

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

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### 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 Mayor's Office:

1. 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 findings.

## FINDINGS AND RECOMMENDATIONS

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### 1. Failed to maintain adequate supporting documentation.

#### FINDING

The prior administration failed to maintain invoices and/or sales receipts to support 37 out of 47 (79%) of the transactions tested. Our inquiries revealed the staff from the previous administration did not turn over support for those transactions when the term ended. Without supporting documentation, OFA was unable to determine if credit card charges incurred were used for business purposes. 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 current administration should ensure that cardholders maintain adequate supporting documentation to support credit card transactions. Documentation for credit cards charges should be maintained at a central location for all cardholders.

#### MANAGEMENT'S COMMENTS

**We concur. Current administration submitted all receipts and documentation supporting all credit card transactions. All documents are maintained at a central location.**