

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY



October 11, 2016

Paul Haynes
Nashville Career Advancement Center
1417 Murfreesboro Pike
Nashville, TN 37217

Dear Mr. Haynes:

Please find attached the final report on the Nashville Career Advancement Center's use of Metro credit cards conducted by the Office of Financial Accountability. 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,

Director, Office of Financial Accountability

cc: Brain Clark, Nashville Career Advancement 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
Jeff Gossage, Purchasing Agent, Department of Finance

Tom Eddlemon, Metropolitan Treasurer, Department of Finance
Mark Swann, Metropolitan Auditor, Office of Internal Audit
Kevin Brown, CMFO, CICA, Office of Financial Accountability
Essie Robertson, CPA, CMFO, CICA, Office of Financial Accountability
Matthew Fouad, Office of Financial Accountability



◆ Monitoring Report of ◆

Nashville Career Advancement Center

Conducted by



Office of Financial Accountability

October 11, 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 Nashville Career Advancement Center 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 Nashville Career Advancement Center' mission is "to ensure the Middle Tennessee workforce is aligned with the region's long-range economic needs, Workforce Investment funds will provide training and credentials which develop talent for high dem and high skill careers." Per the Fiscal Year 2016 Operating Budget Book, the Nashville Career Advancement Center had 42 total budgeted positions and an operating budget of \$6,965,000.00.

OBJECTIVES, SCOPE AND METHODOLOGY

The scope of the credit card review period covered July 1, 2012 through February 29, 2016. There were two (2) cardholders in the Nashville Career Advancement Center during the review period. See the table below for details:

Cardholder Name	Number of Transactions	Dollar Value of Transactions
Cardholder A	341	\$46,591.31
Cardholder B	279	\$11,532.24
Totals	620	\$58,123.55

The Office of Financial Accountability reviewed 100 transactions (16%) 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 Nashville Career Advancement Center:

1. Improperly paid 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 paid sales tax.

FINDING

The Nashville Career Advancement Center improperly paid sales tax on three (3) transactions totaling \$15.10. 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 Nashville Career Advancement Center should ensure that Metro Cardholders review and dispute charges associated with Tennessee sales tax. The Nashville Career Advancement Center should also ensure that Metro credit card cardholders adhere to Metro Finance Policy #19.

MANAGEMENT'S COMMENTS

We concur. Sales tax was paid in the amount of \$13.42 in 2014 and \$1.68 in 2016, for a total of \$15.10. Our cardholder will review all future purchases to ensure that Tennessee Sales taxes are not included. We appreciate your staff's professionalism during this review.