

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY



December 8, 2016

Kent Oliver, Director
Nashville Public Library
615 Church Street
Nashville, TN 37219

Dear Mr. Oliver:

Please find attached the final report on the Nashville Public Library'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: Susan Drye, Nashville Public Library
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 ◆

Nashville Public Library

Conducted by



Office of Financial Accountability

December 8, 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 Public Library’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 Nashville Public Library’s mission is “inspire reading, advance learning and connect our community.” Per the Fiscal Year 2016 Operating Budget Book, the Nashville Public Library had 392 total budgeted positions and an operating budget of \$28,724,700.00.

OBJECTIVES, SCOPE AND METHODOLOGY

The scope of the credit card review period covered July 1, 2012 through February 29, 2016. There were twelve (12) cardholders in the Nashville Public Library during the review period. See the table below for details:

Cardholder Name	Number of Transactions	Dollar Value of Transactions
Cardholder A	46	\$3,393.64
Cardholder B	303	\$19,644.86
Cardholder C	55	\$1,766.68
Cardholder D	64	\$10,994.33
Cardholder E	32	\$8,687.67
Cardholder F	282	\$36,172.09
Cardholder G	490	\$61,395.59
Cardholder H	208	\$11,736.61
Cardholder I	88	\$3,0283.26
Cardholder J	138	\$4,761.28
Cardholder K	258	\$20,726.51
Cardholder L	189	\$9,225.47
Totals	2,153	\$191,532.99

The Office of Financial Accountability reviewed 188 transactions (9%) 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 Public Library:

1. Needs to improve its 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

1. Needs to improve its supporting documentation.

FINDING

The Nashville Public Library needs to improve its supporting documentation for gift cards purchased from Amazon. The Nashville Public Library purchased gift cards on two (2) occasions totaling \$725.00 for volunteers as a part of a volunteer recognition program. The Library provided proper sales receipts for review; however, they failed to maintain adequate documentation to support the volunteers that received them. 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 Nashville Public Library should ensure that cardholders maintain adequate supporting documentation to support credit card transactions including a listing of individuals benefitting.

MANAGEMENT'S COMMENTS

Nashville Public Library (NPL) concurs with the finding. In the future, if gift cards are purchased for any reason such as the Volunteer Recognition Program, a list of the volunteers receiving the gift cards will be added to the documentation for audit purposes.