

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY



October 12, 2016

Monica Fawknotson, Executive Director
Metropolitan Sports Authority
730 Second Ave. South, STE 103
Nashville, TN 37210

Dear Ms. Fawknotson:

Please find attached the preliminary monitoring report on the Metropolitan Sports Authority'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,

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
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, Office of Financial Accountability
Essie Robertson, CPA, CMFO, CICA, Office of Financial Accountability



◆ Monitoring Report of ◆

Metropolitan Sports Authority

Conducted by



Office of Financial Accountability

October 12, 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 Metropolitan Sports Authority'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 Metropolitan Sports Authority's mission is "to operate, plan, promote, finance, construct, acquire, renovate, equip and enlarge sports complexes, stadiums, arenas, structures, and facilities for public participation and enjoyment of professional and amateur sports, fitness, health, and recreational activities that yield enhanced economic development for the region." Per the Fiscal Year 2016 Operating Budget Book, the Metropolitan Sports Authority had 2 budgeted positions and an operating budget of \$1,461,200.

OBJECTIVES, SCOPE AND METHODOLOGY

The scope of the credit card review period covered July 1, 2012 through February 29, 2016. There was one (1) cardholder in the Metropolitan Sports Authority during the review period. See the table below for details:

| Cardholder Name | Time Period | Number of Transactions | Dollar Value of Transactions |
|------------------------|--------------------|-------------------------------|-------------------------------------|
| Cardholder A | 04/2015 – 2/2016 | 42 | \$2,518.15 |
| Totals | | 42 | \$2,518.15 |

The Office of Financial Accountability reviewed 26% 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 Metropolitan Sports Authority:

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

1. Failed to maintain adequate supporting documentation.

Finding

The Metropolitan Sports Authority failed to maintain invoices and/or sales receipts to support 45% of the transactions tested. Without supporting documentation, the Metropolitan Sports Authority was unable to support the business purpose of the transactions; however, the OFA noted that the missing invoices pertain to transactions associated with parking. 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 Metropolitan Sports Authority should ensure that cardholders maintain adequate supporting documentation to support credit card transactions.

MANAGEMENT'S COMMENTS

We concur. The Sports Authority acknowledges the preliminary report and recommendations from the Office of Financial Accountability and has since implemented steps to maintain adequate supporting documentation to support credit card transactions. Supporting documentation is now maintained by a different staff member and kept in a binder for easy access and retrieval. All receipts and documentation will be submitted to the administrative officer as soon as possible or within 3 days after a purchase unless specific circumstances do not allow.