



**A Report to the  
Audit Committee**

**Mayor**  
Karl Dean

**Deputy Mayor**  
Greg Hinote

**Audit Committee Members**

Robert Brannon  
Jacobia Dowell  
Steve Glover  
Diane Neighbors  
Brack Reed  
Richard Riebeling

# Audit of The Mayor's Office

January 30, 2014

Metropolitan  
Nashville  
Office of  
Internal Audit

# EXECUTIVE SUMMARY

January 28, 2014



## Why We Did This Audit

The audit was initiated based on the number of years that have elapsed since the last audit was conducted by this office.

## What We Recommend

The Mayor's Office should obtain a Notice of Delegation of Purchasing Agent's Authority from the Metropolitan Nashville Purchasing Agent and communicate purchasing limitations to employees.

For more information on this or any of our reports, email [Mark.Swann@nashville.gov](mailto:Mark.Swann@nashville.gov)

# AUDIT OF THE MAYOR'S OFFICE

## BACKGROUND

The mission of the Mayor's Office is to be responsible for the conduct of the executive and administrative work of the Metropolitan Nashville Government. The Mayor's Office staff works to support and promote the priorities of the Metropolitan Government's Mayor as well as assist the Mayor in overseeing the Metropolitan Nashville Government.

The Mayor's Office of Emergency Management will be covered in a separate report.

## OBJECTIVES AND SCOPE

The objectives of the audit were to determine the following:

- A replicable tone at the top for the Metropolitan Government was established by the Mayor's Office.
- Computer access was appropriately given and monitored.
- Computers were accounted for and agreed with Department of Information Technology Service records.
- Purchases made were in accordance with applicable policies.
- Grants were properly approved, expended, reimbursed, and reported.

The audit scope included November 1, 2010, through October 31, 2013.

<i>Mayor's Office (Non-Office of Emergency Management Funds)</i>	<b>FY 2011-12 (Actuals)</b>	<b>FY 2012-13 (Actuals)</b>	<b>FY 2013-14 (Budget)</b>
<b>Revenues &amp; Transfers</b>			
<i>Total Revenues &amp; Transfers</i>	\$ 153,777	\$ 488,648	\$ 180,400
<b>Expenditures &amp; Transfers</b>			
Salary	1,665,199	1,815,135	1,852,000
Fringes	508,986	576,713	640,800
Other	1,121,720	1,513,289	2,251,800
<b>Total Expenditures and Transfers</b>	\$3,295,905	\$3,905,137	\$4,744,600

Table includes Mayor's Office (non-Office of Emergency Management) funds from both Departments 04 and 01.

Source: Metropolitan Nashville's EnterpriseOne Financial System

## WHAT WE FOUND

In general, the Mayor's Office was in compliance with computer access, tracked computer assets, purchasing, and grant management policies and procedures. Additionally, the Mayor's Office was setting a replicable tone at the top for all of Metropolitan Nashville Government to follow.

## GOVERNANCE

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The Mayor's Office is led by the Mayor of the Metropolitan Government of Nashville and Davidson County. Within the Mayor's Office reside the Executive Office, Office of Neighborhoods, Office of Children and Youth, Office of Innovation, Office of Sustainability, Office of Economic and Community Development, and the Office of Emergency Management. Each area within the Mayor's Office focuses on priorities established by the current Mayor. The Mayor's Office works through various initiatives to bring together the citizens of Metropolitan Nashville and Davidson County and the Metropolitan Nashville Government.

## OBJECTIVES AND CONCLUSIONS

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1. *Did the Mayor's Office set a replicable tone at the top for the Metropolitan Nashville Government to follow?*

**Yes.** The Mayor's Office followed appropriate standards of conduct to present an ethical and replicable tone at the top for the Metropolitan Nashville Government to follow.

2. *Were employees only given access based on a need to know basis for their job?*

**Yes.** Mayor's Office staff was only given access on an as needed basis. Accounts were properly disabled when access was no longer needed.

3. *Were computers properly accounted for and in agreement with Department of Information Technology Service records?*

**Yes.** The Mayor's Office properly accounted for computer tracked assets. All computer assets were verified.

4. *Were purchases made in accordance with applicable procurement policies?*

**Generally yes.** Office expenditures were made in accordance with Metropolitan Nashville procurement policies. However, the Mayor's Office did not have a letter of delegated purchasing authority on file with Metro Nashville's Procurement Division during the audit period (see Observation A).

5. *Were grants properly approved, expended, reimbursed, and reported?*

**Yes.** The Mayor's Office maintained grant funds in accordance with applicable grant agreements and Metropolitan Nashville Government grant management policies.

## AUDIT OBSERVATIONS

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The Committee of Sponsoring Organizations of the Treadway Commission, Internal Control – Integrated Framework, Control Environment component recommends management and the board of directors establish mechanisms to communicate and hold individuals accountable for performance of internal control responsibilities and implement corrective action as necessary. The audit observations listed are offered to assist management in fulfilling their internal control responsibilities.

### ***Observation A: Notice of Delegation of Purchasing Agent’s Authority***

A Notice of Delegation of Purchasing Agent’s Authority was not available for the Mayor’s Office. The lack of a Notice of Delegation of Purchasing Agent’s Authority increases the risk of misappropriation of assets as limitations of authority may not be clearly understood by employees. No instances of purchases outside standard delegated limits were noted in the sample selections for the audit period except for credit card purchases exceeding the \$250 limit. The 37 credit card purchases exceeding the \$250 limit were non-emergency and not related to travel or class registration.

Metropolitan Nashville Code of Laws § 4.08.060 Delegation of authority by the purchasing agent states:

*“Subject to the regulations of the standards board, the purchasing agent may delegate authority to officers and employees of the division of purchases or to any department, agency or official and may set conditions for such delegation.”*

### ***Recommendation for the Mayor’s Office:***

The Mayor’s Office should work with Metropolitan Nashville’s Procurement Division to ensure a Notice of Delegation of Purchasing Agent’s Authority is completed and communicated to employees with purchasing duties.

## OTHER POTENTIAL OPPORTUNITIES

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The items below are potential opportunities observed for the consideration of the Mayor’s Office and do not require a management response.

1. Work with the Metropolitan Nashville Office of Management and Budget to add a notation within the Metropolitan Nashville Budget Book to distinguish full time equivalent employees (FTE’s) that are not included in the Mayor’s Office (Department 04) budget.
2. Maintain an inventory of valuable equipment (printers, televisions, electronics, etc.) not included on the Metropolitan Nashville Finance Division of Accounts capital asset listing.
3. Enhance hiring practices and broaden the base of applicants considered for positions by advertising vacancies through Metropolitan Nashville Human Resources courtesy job postings.

## **GOVERNMENT AUDITING STANDARDS COMPLIANCE**

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We conducted this compliance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our observations and conclusions based on our audit objectives.

The Mayor's Office of Emergency Management was not included in this audit. A separate audit will be performed, and a separate report will be issued.

## **METHODOLOGY**

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To accomplish our audit objectives, we performed the following steps:

- Interviewed key personnel within the Mayor's Office.
- Reviewed and analyzed documentation for compliance with the Tennessee Code Annotated, Metropolitan Nashville Code of Laws, and other applicable laws, regulations, and policies.
- Evaluated internal controls currently in place.
- Considered risk of fraud, waste, and abuse.
- Considered information technology risks.

## **AUDIT TEAM**

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Mark Swann, CPA, CIA, CISA, ACDA, Metropolitan Auditor

Lauren Riley, CPA, ACDA, In Charge Auditor

Joe McGinley, CISSP, CISA, Senior Auditor

**METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY**

**KARL F. DEAN**  
MAYOR



OFFICE OF THE MAYOR  
METROPOLITAN COURTHOUSE  
NASHVILLE, TENNESSEE 37201  
PHONE: (615) 862-6000  
FAX: (615) 862-6040

January 30, 2014

Mark Swann  
Office of Internal Audit

Re: Audit of the Office of Mayor Karl F. Dean (2010-2013)

Dear Mr. Swann:

This letter acknowledges receipt of the Audit of the Office of Mayor Karl F. Dean, regarding the time period of 2010-2013. Thank you for the significant time and attention to detail invested by your staff in conducting the audit.

As noted in the response matrix, we agree with your recommendation, and we already requested that the Purchasing Agent work with us to effectuate it. We appreciate your bringing that to our attention, as we strive for excellence in all we do.

Sincerely,

A handwritten signature in blue ink, appearing to read "Greg Hinote".

Greg Hinote  
Deputy Mayor

## APPENDIX A – MANAGEMENT RESPONSE AND CORRECTIVE ACTION PLAN

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We believe that operational management is in a unique position to best understand their operations and may be able to identify more innovative and effective approaches and we encourage them to do so when providing their response to our recommendations.

Recommendation	Concurrence and Corrective Action Plan	Proposed Completion Date
<b>A.</b> The Mayor’s Office should work with Metropolitan Nashville’s Procurement Division to ensure a Notice of Delegation of Purchasing Agent’s Authority is completed and communicated to employees with purchasing duties.	<b>Agree.</b> Mayor’s Office is already working with Purchasing Agent to effectuate.	In process.