



**A Report to the
Audit Committee**

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Metropolitan
Nashville
Office of
Internal Audit

Audit of the Office of Family Safety

April 3, 2018

EXECUTIVE SUMMARY

April 3, 2018



Why We Did This Audit

The audit was initiated because the Office of Family Safety has not been subject to an internal audit since its creation in July 2015.

What We Recommend

- Review and correct employee benefit time balances to ensure compliance with the department's Leave Policy.
- Require confirmation of benefit leave time balances by employees.
- Implement use of an electronic time-off tracking system.
- Implement written policy or procedures for the collection and handling of monetary and non-monetary donations.
- Upload all credit card receipts into the Fifth Third website.

Audit of the Office of Family Safety

BACKGROUND

The mission of Metropolitan Nashville Government's Office of Family Safety is to improve victim safety and offender accountability through the coordination of services provided to domestic violence and sexual assault victims by Metropolitan Nashville Government, its Family Justice Center and nonprofit partners.

OBJECTIVES AND SCOPE

The objectives of this audit are to determine if:

- Payroll processes are in place, and expenses are in accordance with department policies.
- Purchases are in accordance with Metropolitan Nashville Government's Procurement Code and Regulations.
- Controls are in place to ensure management of donations.
- Credit card expenses are in accordance with Metropolitan Nashville Government's Credit Card Policy.
- Travel expenditures are in accordance with Metropolitan Nashville Government's Travel Policies.
- Grants are approved, expended, reimbursed, and monitored.

The scope of this audit related to the Office of Family Safety's compliance with applicable Metropolitan Nashville Government financial policies and Office of Family Safety departmental policies between July 1, 2015, and September 30, 2017.

WHAT WE FOUND

The Office of Family Safety has improved their controls since the department was created in July 2015. However, controls for retention of credit card transactions, benefit leave time processing, and the collection of donations need to improve.

GOVERNANCE

The Office of Family Safety is managed by a Department Head who is appointed by the Mayor.

BACKGROUND INFORMATION

The Office of Family Safety was created in July 2015 to assist victims of domestic abuse and sexual assault in Davidson County. The Office works closely with the Metropolitan Nashville Police Department, the Office of the District Attorney General, 20th Judicial District, employees of the court system, as well as several nonprofits in the community, such as the Legal Aid Society of Middle Tennessee, and the YWCA.

The Office trains hundreds of Metropolitan Nashville Government employees, including police officers and court staff, on domestic violence. They also investigate domestic violence deaths with a Domestic Assault Death Review Panel and work with police and federal agencies on firearm dispossession.

One of the primary operations is the Jean Crowe Advocacy Center that opened in September 2014. The center provides a safe place for victims to go before court hearings, sit with advocates to learn about the legal process, discuss their options with lawyers, and provides victims with a place to relax before going to court. The center is staffed with security to provide protection. Exhibit 1 below shows in calendar years 2015 and 2016 the Jean Crowe Advocacy Center served 14,842 participants.

Exhibit 1 – Participants served by the Jean Crowe Advocacy Center for Calendar Years 2015 and 2016.

	2015	2016	Total
Victims	4,234	5,664	9,898
Children	353	617	970
Family & Friends	2,251	1,723	3,974
Total	6,838	8,004	14,842

Source: Jean Crowe Advocacy Center Internal Reports

FINANCIAL INFORMATION

The department was partially funded by the following grants.

- *STOP Grant* - From the State of Tennessee Office of Criminal Justice Program. This grant is passed through to the Legal Aid Society of Middle Tennessee to fund the salaries of two employees who work at the Jean Crowe Advocacy Center.
- *Arrest Grant* - From the United States Department of Justice. This grant funds the salaries of two Office of Family Safety employees, enables the implementation of a risk/lethality program, training program, and the civil/legal advocacy program, and is meant to improve the substance and quality of presentations.

Along with revenue provided by grants, the Office of Family Safety also receives a few monetary donations. These donations typically come from charity organizations or people who have seen the benefits of the work being done by the Office of Family Safety and the Jean Crowe Advocacy Center. These monetary donations make up less than one percent of total revenue. Local businesses also donate

supplies, toys, food, and beverages to the Jean Crowe Advocacy Center to enhance the comfort of the victims and their families while they are there.

Exhibits 2 and 3 below provide additional financial information related to the Office of Family Safety.

Exhibit 2 – Primary Expenses and Revenues for Fiscal Years 2016 and 2017

	2016	2017
<i>General Expenses</i>		
Payroll & Benefits	\$597,801	\$747,963
Internal Service Fees	5,404	26,300
Travel Expenses	24,792	11,295
Nonemployee Transport	10,611	-
Mgmt Consultant/Personal Contract Service	4,849	11,691
Miscellaneous*	35,735	15,860
<i>Total General Expenses</i>	<i>\$679,191</i>	<i>\$813,109</i>
<i>Office of Family Safety Grants</i>		
Payroll & Benefits	\$53,653	\$170,935
Travel Expenses	3,672	6,240
Nonemployee Transport	5,817	331
Mgmt Consultant/ Personal Contract Service	67,195	96,977
Miscellaneous*	3,945	7,938
<i>Total Office of Family Safety Grants</i>	<i>\$134,283</i>	<i>\$282,420</i>
<i>Total Expenses</i>	<i>\$813,474</i>	<i>\$1,095,529</i>
<i>Revenue</i>		
Grants	134,283	282,420
Donations	343	1,392
<i>Total Revenue</i>	<i>\$134,626</i>	<i>\$283,812</i>

*Miscellaneous expenses include computer hardware and software, furniture, and general office expenses

Source: Metropolitan Nashville Government’s JD Edwards EnterpriseOne financial system.

Exhibit 3–Top Five Vendors for Fiscal Years 2016 and 2017

	Vendor	Amount	Purpose
1	Legal Aid Society Of Middle Tennessee	\$174,355	Grant
2	Ricoh USA Inc	11,085	Rent Equipment/Printing & Binding
3	Mcneely, Pigott & Fox	5,979	Management Consulting - Public Relations & Marketing
4	Southwest Airlines	6,212	Employee Travel
5	Metropolitan Transit Authority	4,980	Victim Bus Tickets

Source: Metropolitan Nashville Government’s JD Edwards EnterpriseOne financial system.

OBJECTIVES AND CONCLUSIONS

1. *Are payroll processes in place and in accordance with department policies and procedures?*

Generally, yes. Payroll processes are in place to ensure employees are paid for time worked. Some processes, however, are not performed in accordance with written department policies, and documentation to support leave time used is lacking. (See Observation A.)

SUPPORTING OBJECTIVES AND CONCLUSIONS

- a. *Are payroll expenditures real, for work performed, and correctly accounted for?*

Generally, yes. Controls are in place to ensure employees are present and are being paid properly for time actually worked. Small work environments and rotating job duties in the Jean Crowe Advocacy Center keep employees accountable and ensure employees are working.

- b. *Is leave time accrued, approved, recorded, and tracked?*

Generally, no. Processes are in place to request, approve, and track leaves balances. However, documentation to support the amount of leave time used is lacking. Documentation prior to fiscal year 2017 is not available. Consequently, an opinion for fiscal year 2016 could not be made. For fiscal year 2017, several employees' leave balances did not match the amount requested and approved on their leave request forms. (See observation A.)

2. *Are purchases made in accordance with the Metropolitan Nashville Government's Procurement Code and Regulations?*

Yes. Of the 47 expenditures reviewed, supporting documentation was available for 46 expenditures. All 46 expenditures were for valid business purposes, properly approved, and procured in accordance with Metropolitan Nashville Government's Procurement Code. Note: this 47th expenditure supporting documentation was verified in Metropolitan Nashville Government Department of Finance's Office of Financial Accountability 2016 credit card review— although not retained after the review.

3. *Are controls in place to ensure proper management of donations collected?*

Generally, no. The Office did complete the annual report of gifts/donations for the Metropolitan Nashville Government's Department of Finance. While donations make up an immaterial amount of revenue for the Office of Family Safety; there are no controls in place for the proper handling of these collected donations. (See Observation B.)

4. *Are credit card purchases made in accordance with the Metropolitan Nashville Government's Department of Finance Policy Treasury #19 – Credit Card?*

Generally, yes. Documentation was not available for many credit card purchases made prior to fiscal year 2016. Therefore no opinion can be made about those transactions, which accounted for 38 percent of the sample reviewed. It should be noted that a credit card review was completed in July 2016 by the Metropolitan Nashville Government Department of Finance's Office of Financial Accountability covering fiscal year 2016. This report found the Office of Family Safety was compliant with the Metropolitan Nashville Government Procurement Code and Credit Card Policy and documentation of credit card purchases was available at that time. For fiscal year 2017 controls

were in place to ensure credit card purchases were in accordance with the Metropolitan Nashville Government's Department of Finance Policy Treasury #19 – Credit Card. (See Observation C.)

6. Are travel expenditures made in accordance with Metropolitan Nashville Government's Travel Policy?

Generally, yes. Controls are in place to ensure travel expenditures are in accordance with the Metropolitan Nashville Government's Travel Policy. However, retention of credit card supporting documentation was inconsistent prior to July 2016. Documentation was missing for 10 out of 14 travel related credit card expenses reviewed for fiscal year 2016. (See Observation D). Note: documentation of these expenditures was verified in the Metropolitan Nashville Government Department of Finance's Office of Financial Accountability 2016 credit card review— although not retained after the audit.

7. Are grants approved, expended, reimbursed, and reported in accordance with grant contracts and agreements?

Yes. The Arrest Grant and Stop Grants were approved. Expenditures related to these grants are allowable per the grant agreement.

AUDIT OBSERVATIONS

Internal control helps entities achieve important objectives and sustain and improve performance. The Committee of Sponsoring Organizations of the Treadway Commission (*COSO*), *Internal Control – Integrated Framework*, enables organizations to effectively and efficiently develop systems of internal control that adapt to changing business and operating environment, mitigate risks to acceptable levels, and support sound decision making and governance of the organization. The audit observations listed are offered to assist management in fulfilling their internal control responsibilities.

Observation A – Benefit Time Policy and Practices

The following concerns related to processing employee benefit time (vacation and sick) were observed:

- Documentation to support employee benefit time used is not available for fiscal year 2016.
- Vacation benefit time used did not match supporting leave forms for four of ten employees reviewed for fiscal year 2017.
- Sick benefit time used did not match supporting leave forms for six of ten employees reviewed for fiscal year 2017.
- All payroll entry time is charged to the “regular time” pay code in the JD Edwards EnterpriseOne financial system, even when benefit time is taken. Balances for sick and vacation benefit time are accrued and tracked in an excel spreadsheet.
- Procedures for accruing benefit time did not comply with the Office of Family Safety’s written Leave Policy. The Leave Policy states that benefit time is accrued on a monthly basis. However, in practice, benefit time for the entire fiscal year is accrued and available on the first day of each fiscal year for employees.
- Procedures for accruing sick benefit time did not comply with the Office of Family Safety’s written Leave Policy. The Leave Policy states employees must be in a paid status the entire month in order to earn sick benefit time. Five employees took unpaid leave time during the audit period; none of these employees had their sick benefit time adjusted for unpaid leave time taken.
- Benefit time balances are provided to employees on a monthly basis. However, no confirmation of the balances is required from employees.

The lack of controls over the accrual and tracking of benefit time activity can lead to employees receiving more or less benefit time than management intended.

Criteria:

- COSO, Control Activities—Principle 10—The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.
- COSO, Control Activities—Principle 12—The organization deploys control activities through policies that establish what is expected and procedures that put policies into action.
- Office of Family Safety Leave Policy.

Recommendation for the management of the Office of Family Safety to:

1. Review and correct employee benefit time balances to ensure compliance with the department's Leave Policy.
2. Annually confirm employees benefit time balances in writing.
3. Require employees to sign leave request forms, along with a supervisor.
4. Implement an electronic time-off tracking system for small offices.

Observation B – Lack of Controls over Donations

Department written policies or procedures do not exist to assist employees in processing donations. Monetary and non-monetary donations account for less than one percent of revenue for the department, however, without controls in place, donations are at a greater risk of being mishandled, lost, or stolen.

Criteria:

- COSO, Control Activities—Principle 12—The organization deploys control activities through policies that establish what is expected and procedures that put policies into action.
- Metropolitan Nashville Government's Department of Finance Policy #42 – Gifts and Donations

Recommendation for the management of the Office of Family Safety to:

Implement written policies or procedures for the collection and handling of monetary and non-monetary donations.

Observation C – Lack of Credit Card Documentation

Retention of credit card supporting documentation was inconsistent prior to July 2016. Documentation was missing for 10 out of 14 credit card expenses reviewed for fiscal year 2016. It is impossible to demonstrate expenses are for the furtherance of the Office's mission when supporting documentation for expenditures are not maintained.

Criteria:

- COSO, Control Activities—Principle 10—The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.
- Metropolitan Nashville Government's Department of Finance Policy Treasury #19 – Credit Card

Recommendation for the management of the Office of Family Safety to:

Maintain documentation at a central location supporting charges to all authorized cards and upload copies of receipt to the Fifth Third Bank website.

GOVERNMENT AUDITING STANDARDS COMPLIANCE

We conducted this performance 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.

METHODOLOGY

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

- Interviewed key personnel within the Office of Family Safety
- 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.
- Reviewed sample selections to determine the effectiveness of internal controls.
- Considered risk of fraud, waste, and abuse.

AUDIT TEAM

Laura Henry, CFE, In- Charge Auditor

Bill Walker, CPA, CIA, Quality Assurance

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



April 3, 2018

Mr. Mark Swann
Metropolitan Auditor
Office of Internal Audit
222 3rd Avenue North, Suite 401
Nashville, TN., 37201

Dear Mr. Swann:

The appropriate personnel of the Office of Family Safety have reviewed your department's audit and have accepted all but one recommendation. The recommendation that cannot yet be accepted might have a budget impact that is not affordable to this Department. We have provided a response to your findings and have established a timeline for corrective action.

We look forward to working with you further regarding this matter.

Sincerely,

/s/ by email.

Diane S. Lance
Department Head
Office of Family Safety



APPENDIX A – MANAGEMENT RESPONSE AND CORRECTIVE ACTION PLAN

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
<i>Recommendation for the management of the Office of Family Safety to:</i>		
A.1 – Review and correct employee benefit time balances to ensure compliance with the department’s Leave Policy.	Accept. Benefit time and balances will be correct to be in compliance with department leave policy.	06/30/2018
A.2 - Annually confirm employees benefit time balances in writing.	Accept. Employees will need to sign off annually.	06/30/2018
A.3 - Require employees to sign leave request forms, along with a supervisor.	Accept. Employee and supervisor will sign leave requests	06/30/2018
A.4 – Implement an electronic time-off tracking system for small offices.	Neither accept nor reject. An electronic time off tracking system will be explored to see if an affordable one can be identified.	N/A
B.1 – Implement written policies and procedures for the collection and handling of monetary and non-monetary donations.	Accept. Written policies and procedures will be developed and posted.	06/30/2018
C.1 - Maintain documentation at a central location supporting charges to all authorized cards and upload copies of receipt to the Fifth Third Bank website.	Accept. Documentation will be maintained with the OFS Financial Officer who will explore the process of uploading receipts to the bank website.	06/30/2018