

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY



September 23, 2019

Diane Lance, Executive Director
Metro Office of Family Safety
610 Murfreesboro Pike
Nashville, TN 37210

Dear Ms. Lance:

Please find attached the delegated purchase authority compliance monitoring report for the Metro Office of Family Safety. This report explains the results of our review of the agency's compliance with its delegated purchasing authority during fiscal year ended June 30, 2018. Staff from the Office of Financial Accountability conducted the fieldwork for this review in August 2019. You previously reviewed and responded to the preliminary report. Your responses to that report have been incorporated into this final report under "Management's Comments."

We appreciate the assistance provided by your department during the course of the review. If you have any questions, please call me at 615-880-1035.

Sincerely,

Fred Adom, CPA, CGMA, CICA
Director

cc: Andrew Sullivan, Chief Financial Officer, Metro Office of Family Safety
Talia Lomax-O'dneal, Director of Finance, Department of Finance
Kim McDoniel, Deputy Director of Finance, Department of Finance
Michelle Hernandez-Lane, Chief Procurement Officer, Department of Finance
Tom Eddlemon, Metropolitan Treasurer, Department of Finance
Chris Harmon, Budget Officer, Department of Finance
Phil Carr, Chief of Accounts, Department of Finance
Gina Pruitt, Interim Metropolitan Auditor, Office of Internal Audit
Kevin Brown, CMFO, CICA, CFE, Office of Financial Accountability
Essie Robertson, CPA, CMFO, CICA, Office of Financial Accountability
Dolly Cook, CICA, Office of Financial Accountability

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Metropolitan Government of Nashville and Davidson County

METRO OFFICE OF FAMILY SAFETY

◆ **Monitoring Report** ◆

Conducted by



Office of Financial Accountability

September 23, 2019

MONITORING REPORT

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INTRODUCTION

The Office of Financial Accountability (hereinafter referred to as “OFA”) has completed a compliance monitoring review of the Metro Office of Family Safety’s (hereinafter referred to as “Office of Family Safety”) delegated purchasing authority. The monitoring process included a review of the agency’s purchasing transactions that occurred during the fiscal year ending June 30, 2018. The OFA conducted the monitoring review along the major compliance areas identified the notice of Delegated Purchasing Authority that was granted to the agency’s Executive Director.

Department Background

According to the Office of Family Safety’s website, their mission “is to oversee the services provided by the Jean Crowe Advocacy Center and the Family Safety Center, to guide the implementation of the Metropolitan Government’s current and future safety and accountability assessment report(s) and to assist in the coordination of services provided to interpersonal violence victims by Metropolitan Government and partner agencies”. Per the Office of Family Safety’s 2018 Annual Report, the work of the Office of Family Safety falls into four categories: 1) direct client services provided at the JCAC and the Family Safety Center; 2) high risk programming; 3) training and outreach; and 4) volunteers and donations.

Per the FY 2020 Operating budget book, the Office of Family Safety had an operating budget of \$3,256,800.00 with thirty-nine (39) budgeted positions.

OBJECTIVES, SCOPE AND METHODOLOGY

A monitoring review is substantially less in scope than an audit. The OFA did not audit the financial statements of the Office of Family Safety and, accordingly, does not express an opinion or any assurances regarding the financial statements of the Office of Family Safety or the Metropolitan Government of Nashville and Davidson County (hereinafter referred to as “Metro”). 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. In summary, any agreement(s) that imposes performance and/or financial requirements on Metro government is subject to review by the OFA.

The overall monitoring objective was to determine the Office of Family Safety’s compliance with Metro guidelines, policies, rules, and regulations. Specifically, we reviewed for the following objectives:

- 1) To determine the agency’s compliance with their Notice of Delegation of Purchasing Agent’s Authority.
- 2) To determine the agency’s compliance with Metro’s official Procurement Policies and Regulations.
- 3) To determine whether purchasing 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 purchasing transactions program.

The scope of our review included purchasing transactions occurring during fiscal year 2018.

The monitoring review procedures included meeting with agency management and staff, reviewing internal controls over purchasing use, and examining certain financial records and supporting documentation to ensure compliance with requirements set forth in Metro’s official Procurement Policies and Regulations. Specific procedures included:

- Comparing purchasing transactions with procurement contracts, purchasing requisitions, and purchase orders issued through iProcurement.
- Comparing purchasing transactions with original receipts, supporting documentation and travel authorizations.
- Identifying split transactions in order to circumvent Metro’s Procurement Policies and Regulations.
- Reviewing supporting documentation for accuracy, necessity and reasonableness.
- Investigating discrepancies and following up as necessary.

RESULTS OF MONITORING

Overall Findings and Major Review Highlights

Our review revealed three discrepancies with Metro policies. The Office of Family Safety:

1. Failed to enter into properly issued contracts with Non-Profit Agencies.
2. Efforts to adhere to its Notice of Delegation of Purchasing Agent's Authority regarding the issuance of Purchase Orders against properly executed Metro contracts need improvement.
3. Efforts to adhere to Metro's Travel Policies needs improvement.

The section that follows provides more detailed information for the item listed above. Management is given an opportunity to respond to the finding.

FINDINGS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSE

1. Failed to enter into properly issued contracts with Non-Profit Agencies.

Finding

The Office of Family Safety processed payments to local Non-Profit agencies by direct payment vouchers for which the Office of Family Safety failed to enter into properly issued contracts. The Family Safety had entered into interagency MOUs with the Non-Profit agencies, for which were signed by the respective agency's Executive Director and the Director of Family Safety. Furthermore, the MOUs were filed within the Metro Clerk's Office; however, the MOUs failed to contain or document review and approval by the Metro Finance Dept., Metro Legal, and Metro Risk Management. Consent and approval of the Finance director, the director of law and Risk Management is required for contracts with external entities.

Recommendation

The Office of Family Safety should immediately cease the practice of entering into interagency MOUs with Non-Profit agencies.

The Office of Family Safety should take the necessary steps to enter into grant contracts with the Non-Profit agencies, which would require review and approval by the Metro Finance Department, Metro Legal Department, Risk Management and ultimately review and approval by the Metropolitan Council.

Management's Comments

Concur. It is very helpful to know that the Metro approved grant contract is not sufficient to distribute funds to sub-contractors under the grant. We will make sure not to create stand-alone contracts in the future.

2. Efforts to adhere to its Notice of Delegation of Purchasing Agent's Authority regarding the issuance of Purchase Orders against properly executed Metro contracts need improvement.

Finding

The Office of Family Safety failed to adhere to its Notice of Delegation of Purchasing Agent's Authority regarding the issuance of purchase orders against properly executed Metro Contracts and also failed to adhere to its Notice of Delegation of Purchasing Agent's Authority regarding the use of direct pay vouchers outside the procurement system but within the enterprise financial system.

- It was noted that nineteen (19) out of forty (40) (48%) randomly selected direct vouchers reviewed, were processed to a Metro contracted vendor, for which the Office

FINDINGS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSE

of Family Safety failed to issue a purchase order within the iProcurement system, as required.

- It was also noted that twenty-nine (29) out of forty (40) (73%) randomly selected direct pay vouchers reviewed were entered and processed within the enterprise financial system, instead of the iProcurement system, in violation of the its Notice of Delegation of Purchasing Agent's Authority.

Per the Office of Family Safety's Notice of Delegation of Purchasing Agent's Authority, *"the issuance of releases against properly executed Metro contract (by way of purchase orders within the procurement system managed by the Procurement Division of the Finance Department) subject to the scope, terms and conditions of the said contract."*

In addition, per the Office of Family Safety's Notice of Delegation, *"payment outside of the procurement system but within the enterprise financial system managed by the Financial Operations Division of the Finance Department is permitted for utilities but NOT standard procurements."*

Recommendation

The Office of Family Safety should ensure all procurements of goods and services are enabled through iProcurement requisitions and purchase orders.

Management's Comments

Concur. We appreciate this helpful instruction.

3. Efforts to adhere to Metro's Travel Policy needs improvement.

Finding

The Office of Family Safety needs to improve its efforts to adhere to Metro's Travel Policy. Per Metro's Travel Policy, *"All out-of-state travel must be approved by the Director of Finance after it has been approved by the department or agency head."* Additionally, per the policy under General Policies 1e) *"all travel must be authorized in advance by the proper departmental authority. Approved Metro travel is the basis for reimbursement in accordance with this policy."* The Office of Family Safety processed an out-of-state travel reimbursement claim to an employee for which the travel was not approved by the Director of Finance, in accordance with the travel policy. Review of the employee's travel authorization revealed that the employee submitted the travel request as travel "to Nashville", TN instead of travel "to the intended out-of-state destination".

In addition, the Office of Family Safety were providing travel reimbursements to non-Metro employees for whom were traveling on Metro business without approved travel authorizations.

FINDINGS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSE

Per Metro's Travel Policy, *"the purpose of the policy statement is to establish uniform guidelines across Metropolitan Government of Nashville & Davidson County for payment of travel expenses incurred by both employees and non-employees that are funded by Metro while conducting official Metro business."* As stated previously, *"all out-of-state travel must be approved by the Director of Finance after it has been approved by the department or agency head."*

Recommendation

The Office of Family Safety should take the necessary steps to ensure that travel requests are completed accurately.

The Office of Family Safety should ensure that travel undertaken by non-employees while conducting Metro business is approved in advance by the responsible individuals in accordance with Metro's Travel Policy. The Office of Family Safety should ensure that the advance approval documentation is maintained and readily available for review.

Management's Comments

Concur. We will be more diligent in looking for mistakes in filling out travel authorizations. Mistakes such as writing the "Origin City" as the "Destination City" should not occur in the future with the new R12 system only requiring the destination city. In addition, we will now ensure that all non-Metro employees complete a travel authorization before traveling under Metro dollars.