

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY



June 11, 2020

Benton McDonough, Director
Metropolitan Beer Permit Board
800 Second Avenue South
Nashville, TN 37210

Dear Mr. McDonough:

Please find attached the final monitoring report for the Metropolitan Beer Permit Board. This report explains the results of our review of the agency's compliance with its delegated purchasing authority from September 2019 through February 2020. Staff from the Office of Financial Accountability conducted the fieldwork for this review in April 2020.

We appreciate the assistance provided by your department during the course of the review. If you have any questions, please call me at 615-862-6712.

Sincerely,

Kevin Brown, CMFO, CICA, CFE
Finance Manager

cc: Amanda Webb, Beer Permit Board
Kevin Crumbo, Director, Department of Finance
Talia Lomax-O'dneal, Deputy Director, Department of Finance
Kim McDoniel, Deputy Director, Department of Finance
Tom Eddlemon, Deputy Director, Department of Finance
Mary Jo Wiggins, Deputy Director, Department of Finance
Michelle Hernandez-Lane, Chief Procurement Officer, Department of Finance
Phil Carr, Division of Accounts, Department of Finance
Lauren Riley, Metropolitan Auditor, Office of Internal Audit
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Metropolitan Government of Nashville and Davidson County

METROPOLITAN BEER PERMIT BOARD

◆ **Monitoring Report** ◆

Conducted by



Office of Financial Accountability

June 11, 2020

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 Metropolitan Beer Permit Board’s (hereinafter referred to as “Beer Board”) delegated purchasing authority. The monitoring process included a review of the agency’s purchasing transactions that occurred during the fiscal year ending June 30, 2020. The OFA conducted the monitoring review along the compliance areas identified the notice of Delegated Purchasing Authority that was granted to the agency’s Executive Director.

Department Background

According to the Metropolitan Beer Board’s website, the Beer Board shall have jurisdiction of the licensing, regulating and controlling of the transportation, storage, sale, distribution, possession, receipt and/or manufacture of beer of an alcoholic content of not more than eight percent by weight or any other beverage of like alcoholic content, and shall constitute the sole administrative agency in the metropolitan government for the administration of all laws and ordinances relating to beer and like alcoholic beverages.

Per the FY 2020 Operating budget book, the Beer Board had an operating budget of \$501,200.00 with six (6) budgeted positions. The Beer Board’s mission is “to provide licensing, control and regulatory products to applicants and permit holders so they can operate within full compliance regarding the transportation, storage, sale, possession and manufacture of beer with not more than 8% alcoholic content by weight”.

OBJECTIVES, SCOPE AND METHODOLOGY

A monitoring review is substantially less in scope than an audit. The OFA did not audit the financial statements for the Beer Board and, accordingly, does not express an opinion or any assurances regarding the financial statements of the Beer Board 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 Beer Board’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 between September 1, 2019 and February 28, 2020.

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

During the course of the review, the OFA noted that the Beer Board needs to improve its compliance with its Notice of Delegation of Purchasing Agent's Authority regarding the issuance of Purchase Orders against properly executed Metro contracts. The OFA further noted that the lack of purchase orders was associated with transactions related to the Metro wide copier and printing contract; which appears to be an issue amongst most Metro departments and not isolated to the Beer Board. As a result, the OFA recommends that the Beer Board contact the Division of Procurement to obtain additional training on the utilization of the iProcurement system.