

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY



July 7, 2020

Glenn Funk, District Attorney General
Office of the District Attorney General
222 2nd Avenue North, Suite 500
Nashville, TN 37201

Dear General Funk:

Please find attached the final report on the monitoring review of the Office of the District Attorney General's compliance with its delegated purchasing authority for the time period of September 1, 2019 through April 30, 2020. Staff from the Office of Financial Accountability conducted the review; and you previously reviewed and responded to the preliminary report. Your responses to the preliminary 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 615-862-6712.

Sincerely,

Kevin Brown, CMFO, CICA, CFE
Finance Manager

cc: Nancy White, Chief Financial Officer, Office of the District Attorney General
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
Fred Adom, CPA, CGMA, CICA, Director, Division of Grants & Accountability
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Essie Robertson, CPA, CMFO, CICA, Office of Financial Accountability
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Metropolitan Government of Nashville and Davidson County

OFFICE OF THE DISTRICT ATTORNEY GENERAL

◆ Monitoring Report ◆

Conducted by



Office of Financial Accountability

July 7, 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 District Attorney’s 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 in the notice of Delegated Purchasing Authority that was granted to the agency’s Executive Director.

Department Background

The District Attorney General for the 20th Judicial District is responsible for the prosecution of all alleged violations of state criminal laws that occur within Metropolitan Nashville and Davidson County. Both felony and misdemeanor crimes are prosecuted by the District Attorney’s Office as well as the criminal acts of juveniles (persons less than eighteen (18) years of age). According to their website, the District Attorney’s Office is committed to public service, fairness and justice for all whose focus is on protecting vulnerable victims from violent crimes and to make sure victims have the best lawyer in the courtroom.

Per the FY 2020 Operating budget book, the mission of the District Attorney pursuant to the authority granted by TCA 8-7-101, is "to investigate and prosecute all criminal offenses that occur within Davidson County where there is sufficient evidence to warrant conviction. All prosecutions are designed to punish offenders, incapacitate violent and repeat criminals, and generally to deter future criminal activity. Additionally, the office is committed to treating victims and witnesses with dignity." The District Attorney had a FY 2020 operating budget of \$9,285,300 with 104 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 for the District Attorney and, accordingly, does not express an opinion or any assurances regarding the financial statements of the District Attorney 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 District Attorney’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 April 30, 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

Overall Findings and Major Review Highlights

Our review revealed one discrepancy with Metro policies. The District Attorney:

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

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

FINDINGS, RECOMMENDATIONS & MANAGEMENT'S RESPONSE

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

Finding

The District Attorney needs to improve efforts to adhere to its Notice of Delegation of Purchasing Agent's Authority regarding the issuance of Purchase Orders against properly executed Metro Contracts. It was noted that 8 out of 8 (100%) direct vouchers processed to a Metro contracted vendor, the District Attorney failed to issue a purchase order within the iProcurement system as required. Per the District Attorney's Notice of Delegation of Purchasing Agent's Authority, The Office of the District Attorney General was granted the authority to perform the following: *"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."* The Notice of Delegation of Purchasing Agent's Authority further states the following condition governs this delegation of authority, *"payments are made by the enterprise financial system managed by the Financial Operations Division of the Finance Department. Payments should not be made using direct voucher payments where a contract exists in iProcurement, rather POs should be entered and receipts should be entered against these POs in iProcurement to facilitate payment."*

Properly entered requisitions along with the issuance of purchases orders within iProcurement, is essential purchasing controls that documents the following information:

- the person whom prepared the requisition,
- the person whom approved the requisition,
- items ordered,
- the vendor that the purchase order was issued along with contract number,
- Department responsible for the transaction,
- Location to deliver the goods or services,

Furthermore, purchase orders allow the Metro Procurement Division to track contract compliance. Without properly issued purchase orders, the District Attorney could have caused Metro government to exceed the maximum contract values of the executed agreements, order excessive items, and potentially order goods or services not covered by contract. See Table 1 in Appendix A.

Recommendation

The District Attorney should:

- Contact the Division of Procurement to schedule additional training on how to utilize the iProcurement system,

FINDINGS, RECOMMENDATIONS & MANAGEMENT'S RESPONSE

- Ensure all procurements of goods and services are enabled through iProcurement requisitions and purchase orders.

Management Comments

We concur. More procurement training is needed for the current staff. Our office will reach out to the purchasing division to secure training related to the iProcurement system and the overall purchasing procedures.

It was never the intention of the DA's office to circumvent the purchasing process and Metro regulations. Five of the eight items listed in Appendix A are for monthly on-going long-term services (i.e. phone, security alarm, equipment rental/replenishment, etc.) We were not aware that purchase orders were required for such services, rather we thought POs were required more specifically for consumable supply items. It was our belief that using the established Metro contract and vendor for those services in lieu of a different company was sufficient for regulation compliance. In light of this audit, we will adjust our internal processes to properly pay for the services.

APPENDIX A

Table 1 – Direct Pay Vouchers to Contracted Vendors without Purchase Order

Contracted Vendor	Invoice Date	Invoice Number	Payment Number	Transaction Amount	GL Date
Bellsouth Telecommunications, Inc. dba AT&T Southeast	11/17/2019	19111761522717581060474	1298519	125.54	12/4/2019
WEBBS REFRESHMENTS INC	1/13/2020	23701636856	518968	229.38	1/15/2020
AMERICAN PAPER & TWINE CO	10/23/2019	3449919	508863	863.3	10/31/2019
Bellsouth Telecommunications, Inc. dba AT&T Southeast	10/17/2019	61522717581060474	1296643	159.76	10/31/2019
AMERICAN PAPER & TWINE CO	1/27/2020	3529605	520596	861	1/30/2020
AMERICAN PAPER & TWINE CO	2/14/2020	3547774	522644	837.2	3/4/2020
WEBBS REFRESHMENTS INC	1/31/2020	23701642837	521209	46	2/5/2020
Protection One Alarm Monitoring, Inc	2/18/2020	133085756	523449	38.9	2/25/2020