

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY



May 29, 2020

Lonnell Matthews, Juvenile Court Clerk
Juvenile Court Clerk
100 Woodland Street
Nashville, TN 37213

Dear Mr. Matthews:

Please find attached the final report on the monitoring review of the Juvenile Court Clerk's compliance with its delegated purchasing authority for the time period of September 1, 2019 through February 28, 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: Avery Patton, Juvenile Court Clerk
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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Metropolitan Government of Nashville and Davidson County

JUVENILE COURT CLERK

◆ **Monitoring Report** ◆

Conducted by



Office of Financial Accountability

May 29, 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 Juvenile Court Clerk’s (hereinafter referred to as “JCC”) 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 Juvenile Court Clerk’s website, The Juvenile Court Clerk is a constitutional officer and is elected by the people for a term of four (4) years. The duties and responsibilities include processing all legal documents filed in Juvenile Court, maintaining docket and minute books, acting as the keeper of the records, preparing hearing dockets, providing deputy clerks for all court hearings, maintaining financial records, collecting court costs, fines, child support, bonds and restitution, preparing Orders for the Juvenile Court, administering trust funds for minors (TCA 29-13-301 Part 3) and any other trust accounts as Ordered by the Court.

Per the FY 2020 Operating budget book, the Juvenile Court Clerk had an operating budget of \$1,966,100.00 with thirty-one (31) budgeted positions. Their mission is “to provide those persons utilizing the services of the Juvenile Justice System with the highest level of efficient and courteous service in a manner which is fiscally responsible to all citizens of Metropolitan Nashville”.

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 Juvenile Court Clerk and, accordingly, does not express an opinion or any assurances regarding the financial statements of the Juvenile Court Clerk 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 Juvenile Court Clerk’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

Overall Findings and Major Review Highlights

Our review revealed three discrepancies with Metro policies. The Juvenile Court Clerk:

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.
2. Efforts to adhere to its Notice of Delegation of Purchasing Agent's Authority regarding purchases to non-contract vendors needs improvement.
3. Efforts to comply with Metro's Credit Card policy 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 Juvenile Court Clerk failed to adhere to its Notice of Delegation of Purchasing Agent's Authority regarding the issuance of Purchase Orders against properly executed Metro Contracts. Tests revealed almost 37% (7 out of 19) of payments by direct vouchers were for payments for items purchased from a Metro contracted vendor which the Juvenile Court Clerk failed to issue a purchase order within the iProcurement system, as required. Per the Juvenile Court Clerk'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."* The Notice of Delegation of Purchasing Agent's Authority further states, *"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 Juvenile Court Clerk 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 I in Appendix A.

Recommendation

The Juvenile Court Clerk 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.

2. Efforts to adhere to its Notice of Delegation of Purchasing Agent's Authority regarding purchases with non-contract vendors needs improvement.

Finding

The Juvenile Court Clerk failed to adhere to its Notice of Delegation of Purchasing Agent's Authority regarding purchases from non-contract vendors. It was noted 5 out of 19 (26.32%) transactions reviewed for non-contract purchases the Juvenile Court Clerk failed to issue a purchase order nor attach the required one written quotation within the iProcurement system. Per the Notice of Delegation, *"for Non-contract purchases under \$2,500 one written quotation is required. The department may issue a purchase order for the item and attach the one quote to the purchase order file as a PDF (inside iProcurement)."* See Table 2 in Appendix A for a listing on non-contract purchases.

Recommendation

The Juvenile Court Clerk should ensure all procurements of goods and services are enabled, processed through iProcurement requisitions and purchase orders.

Management Comments

We concur.

3. Efforts to comply with Metro's Credit Card policy regarding purchasing against Metro contracts and not outside vendors needs improvement.

Finding

The Juvenile Court Clerk failed to comply with Metro's Credit Card Policy issued by the Treasury Division. Pursuant to their Delegation of Authority, the Juvenile Court Clerk's permission to use Metro issued credit cards are limited to:

- a) Non-contracted purchases made in compliance with M.C.L. Title 4, Procurement Code
- b) Emergency Purchases (See M.C.L. Title 4 for Personal Liability)

FINDINGS, RECOMMENDATIONS & MANAGEMENT'S RESPONSE

In addition, the use of Metro issued credit card is subject to compliance with Metro Finance Dept. Policy: Treasury #19: Credit Cards. It was noted that 50% (1 of 2) transactions appeared to have been for payment to a non-contracted vendor for the printing of office brochures for which the Juvenile Court Clerk failed to procure the service from the Metro contracted vendor. Per *Metro Finance Dept. Policy #19: Credit Card 5) Prohibited Uses d) "the credit card shall not be used to circumvent the procurement process."* Per the *Notice of Delegation of Purchasing Agent's Authority*, "departments must make purchases from firms on contract where provided."

Recommendation

The Juvenile Court Clerk should:

- Ensure procurements of contracted goods and services are purchased from the Metro contracted vendor.
- Ensure procurements of contracted goods and services are enabled through iProcurement requisitions and purchase orders.

Management Comments

We concur.

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
Royal Cup Coffee	10/21/2019	104856195	508527	\$21.64	10/24/2019
Verizon Wireless	2/1/2019	9847409334	1303086	\$68.04	2/21/2020
American Paper & Twine Co.	8/20/2019	3389934	505124	\$1067.50	8/31/2019
Verizon Wireless	1/1/2020	9845340345	1301785	\$204.12	2/2/2020
RJ Young Company	10/31/2019	INV3355894	510095	\$323	11/7/2019
Royal Cup Coffee	9/5/2019	104744081	505203	\$112.90	9/27/2019
Royal Cup Coffee	11/20/201	104935608	512744	\$62.02	12/10/2019

Table 2 - Direct Pay Vouchers to Non-Contracted Vendors without Purchase Order

Vendor	Invoice Date	Invoice Number	Payment Number	Transaction Amount	GL Date
Interform Graphics	10/31/2019	7239	510004	\$590.70	11/12/2019
A-Z Office Resource, Inc.	11/19/2019	49824620	512350	\$399.08	12/10/2019
Complete Forms Supply Company, LLC	12/26/2019	52555	1300886	\$317.50	1/8/2020
Diversified Storage Systems	7/9/2019	T3124	508475	\$2221.50	11/6/2019
A-Z Office Resource, Inc.	10/14/2019	49657600	507594	\$677.33	10/17/2019

Table 3- Credit Card Transactions that should be purchased from a contracted vendor

Vendor	Fin. Posting Date	Amount	Comments
Sir Speedy of Donelson	10/28/2019	\$439.27	This purchase should have been made from the Metro contracted vendor RJ Young Company
Total		\$439.27	