

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY



September 22, 2016

Vivian Wilhoite - Assessor
Assessor of Property
Howard Office Building
700 Second Avenue South, STE 210
P.O. Box 196305
Nashville, TN 37219

Dear Ms. Wilhoite:

Please find attached the final report on the Assessor of Property's use of Metro credit cards conducted by the Office of Financial Accountability. This report explains the results of our review of delegated purchasing authority and VISA and MasterCard credit card transactions from July 1, 2012 through February 29, 2016. You previously reviewed and responded to the preliminary report. Your responses to the preliminary report have been incorporated into this final report.

We appreciate your cooperation and assistance during the review. If you have any questions, please call me at (615) 880-1035.

Sincerely,

Fred Adom, CPA,
CGMA, CICA
Director, Office of Financial Accountability

Digitally signed by Fred Adom, CPA, CGMA, CICA
DN: cn=Fred Adom, CPA, CGMA, CICA, o=Metro
Department of Finance, ou=Office of Financial
Accountability, email=fred.adom@nashville.org, c=US
Date: 2016.09.22 16:09:30 -05'00'

cc: Cristi Scott, Assessor of Property's Office
Talia Lomax-O'dneal, Director of Finance, Department of Finance
Gene Nolan, Deputy Director of Finance, Department of Finance
Kim McDoniel, Chief of Accounts, Department of Finance
Tom Eddlemon, Metropolitan Treasurer, Department of Finance
Mark Swann, Metropolitan Auditor, Office of Internal Audit
Kevin Brown, CMFO, CICA, Office of Financial Accountability
Essie Robertson, CPA, CMFO, CICA, Office of Financial Accountability

Matthew Fouad, Office of Financial Accountability



◆ Monitoring Report of ◆

Assessor of Property

Conducted by



Office of Financial Accountability

September 22, 2016

MONITORING REPORT

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INTRODUCTION

The Office of Financial Accountability (hereinafter referred to as “OFA”) has completed a credit card review of the Assessor of Property’s compliance with the *Metro Code of Law Title 4, Procurement Code* and compliance with the *Metro Finance Policy #19: Credit Card Policy*.

A review is substantially less in scope than an audit. The OFA did not audit the financial statements and, accordingly, does not express an opinion or any assurances regarding the financial statements of Metro or any of its component units.

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. The OFA also conducts prompt pay performance, delegated purchasing authority, and procurement reviews, including credit card usage by Metro departments. In summary, any agreement that imposes performance and/or financial requirements on Metro government is subject to review by the OFA.

This review was conducted as part of the comprehensive review of credit cards use by all Metro Departments as requested by the Metro Council. At the conclusion of the review of all applicable Metro departments, the OFA will compile a summary report of the results of the review of all departments.

Agency Background

The Assessor of Property’s mission is to perform all of its duties and responsibilities, including appraisal and assessment of property, in compliance with all applicable laws, rules, and standards in a manner that is fair, equitable, and otherwise best serves the public. Per the Fiscal Year 2016 Operating Budget Book, the Assessor of Property had 119 total budgeted positions and an operating budget of \$7,102,200.

OBJECTIVES, SCOPE AND METHODOLOGY

The scope of the credit card review period covered July 1, 2012 through February 29, 2016. There were three (3) cardholders in the Assessor of Property during the review period. See the table below for details:

Cardholder Name	Time Period	Number of Transactions	Dollar Value of Transactions
Cardholder A	04/2015 – 2/2016	44	\$13,444.54
Cardholder B	7/2012 – 3/2015	164	\$41,649.22
Cardholder C	8/2012 – 9/2015	24	\$10,345.91
Totals		232	\$65,439.67

The Office of Financial Accountability reviewed 55 transactions (24%) of the credit card activity.

The objectives of our review were:

- 1) To determine the agency's compliance with M.C.L. Title 4, Procurement Code.
- 2) To determine the agency's compliance with Metro Finance Policy #19: Credit Cards.
- 3) To determine whether credit card 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 credit card program.

Our review procedures included meeting with agency management and staff, reviewing internal controls over credit card use, and examining certain financial records and supporting documentation to ensure compliance with requirements set forth in Metro's official procurement policies. Specific procedures included:

- Comparing credit card charges with original receipts, supporting documentation and travel authorizations.
- Reviewing supporting documentation for accuracy, necessity and reasonableness.
- Identifying split purchases and unauthorized or fraudulent transactions.
- Investigating discrepancies and following up as necessary.

RESULTS OF REVIEW

Overall Findings and Major Review Highlights

Our review revealed the following issues of non-compliance with M.C.L. Title 4, Procurement Code and Metro Finance Policy #19: Credit Card. The Assessor of Property:

1. Used cards for contracted purchases
2. Improperly paid sales tax,
3. Failed to maintain adequate supporting documentation.

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

FINDINGS AND RECOMMENDATIONS

1. Used cards for contracted purchases

Finding

The Assessor of Property utilized Metro credit cards to make twelve (12) transactions for the purchase of office supplies. While office supplies are a legitimate business expense, the purchase of office supplies with a metro credit card is a violation of metro policy. The Procurement Division within the Finance Department has secured a contract with a Vendor for office supplies at a discounted rate. Therefore, while the purchasing of office supplies, off metro contract, is for legitimate business, it is considered wasteful in the aspect that the department is failing to take advantage of the discounted pricing that is available through the Metro contract. Per *Metro Finance Policy #19: Credit Cards 1) General Policies a) "the credit card can be used to purchase and make payment for approved transactions only including travel and related cost (hotels, car rentals, food, and ancillary items), petty cash type purchases, conference registrations, subscriptions and emergency purchases (as defined by the Purchasing Agent). **Note: All purchases are subject to established purchasing regulations. The credit card is not a payment/purchasing card and is not to be used for routine procurements from contracted suppliers."***

RECOMMENDATION

The Assessor of Property should ensure that needed office supplies are purchased from the Metro contracted vendor. In the extraordinary circumstances that would necessitate the Assessor of Property to purchase off contract, the Assessor of Property should ensure compliance with the guidelines requirements for Emergency Purchases as required by M.C.L. 4.12.070 Emergency procurements.

MANAGEMENT'S COMMENTS

Please see response from the Assessor's Office attached

2. Improperly paid sales tax.

The Assessor of Property improperly paid sales tax on three (3) transactions totaling \$18.88. Per *Metro Finance Policy #19 3) Expectations of Cardholders d) "Cardholders are also responsible for identifying and disputing erroneous charges, including Tennessee sales tax charges, to their assigned cards. It is the responsibility of the cardholder to dispute the charges as specified in the cardholder*

agreement.” In addition, e) “Cardholders should not pay Tennessee sales tax. It is the cardholder’s responsibility to dispute Tennessee sales tax charges.”

RECOMMENDATION

The Assessor of Property should ensure that Metro Cardholders review and dispute charges associated with Tennessee sales tax. The Assessor of Property should also ensure that Metro credit card cardholders adhere to Metro Finance Policy #19.

MANAGEMENT’S COMMENTS

Please see response from the Assessor’s Office attached

3. Failed to maintain adequate supporting documentation.

Finding

In addition to the inadequate supporting documentation mentioned in the previous findings, the Assessor of Property failed to maintain invoices and/or sales receipts to support 2% of the transactions tested. Without supporting documentation, the Assessor of Property was unable to support the business purpose of the transactions. Per *Metro Finance Policy #19 Credit Cards 3) Expectations of Cardholders b) “Cardholders should collect and maintain proper sales receipts and invoices to support all charges. Proper sales receipts should include adequate description of the items purchased and the individual benefitting (when applicable). Credit card charge slips are not sufficient support.”*

The OFA also noted that 78% of the transactions for which the supporting documentation was provided was not signed or initialed by the cardholder. Cardholder’s signature is a vital part of the necessary documentation to support the credit card charges. It serves two purposes, 1) it shows that the cardholder was in fact the person who used the card to complete the transaction and 2) it identifies the individual authorized the use of the credit card. Per *Metro Finance Policy #19 2) Card Authorization a) “Only the employee whose name is embossed on a credit card may use the card. No other person is authorized to use the card. The use of the card shall not be delegated to any other person. Cardholder shall use the credit card for Metro authorized purchases only.”* In addition, per the *Metro Credit Card Cardholder Responsibility Acknowledgement*, “the card issued to me must not be used by anyone other than myself. (This includes other Metro employees).”

RECOMMENDATION

The Assessor of Property should ensure that cardholders maintain adequate supporting documentation to support credit card transactions.

The Assessor of Property should further ensure that the cardholders review and sign the credit card supporting documentation to ensure that no one other than the cardholder is utilizing the Metro credit card.

MANAGEMENT'S COMMENTS

Please see response from the Assessor's Office attached

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

VIVIAN M. WILHOITE
PROPERTY ASSESSOR



DIVISION OF ASSESSMENTS
REAL & PERSONAL PROPERTY

September 19, 2016

Fred Adom, CPA, CGMA, CICA
Director, Office of Financial Accountability
700 Second Avenue South, Suite 201
Nashville, TN 37210

RE: Audit of Credit Card Processes in the Office of the Property Assessor

Dear Mr. Adom:

Please find attached the requested Management Responses to the preliminary report dated June 10, 2016, on the Assessor of Property's use of Metro credit cards conducted by the Office of Financial Accountability. As you are aware the transactions reviewed in the audit were made during the previous administration. My administration began September 1, 2016. Both my management staff and I will carefully review the policy and acted accordingly.

Gratefully,

A handwritten signature in black ink that reads "Vivian M. Wilhoite".

Vivian M. Wilhoite
Property Assessor

cc: Talia Lomax-O'dneal, Director of Finance

Management Responses

1. Agreed. Please note this violation of Metro's Credit Card Policy occurred prior to the new administration taking office September 1, 2016. Therefore, we cannot respond to the specifics of the violations. However, going forward we will review the policy and purchase needed office supplies from the Metro contracted vendor.
2. Agreed. Please note this violation of Metro's Credit Card Policy occurred prior to the new administration taking office September 1, 2016. Therefore, we cannot respond to the specifics of the violations. However, going forward we will review and comply with the Credit Card Policy to ensure that sales tax is not charged or paid on Metro credit card purchases.
3. Agreed. Please note this violation of Metro's Credit Card Policy occurred prior to the new administration taking office September 1, 2016. Therefore, we cannot respond to the specifics of the violations. However, going forward we will review the Credit Card Policy to ensure each transaction has both the proper supporting documentation as well as authorized signatures.