

**METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY**



September 21, 2016

Charlie Cardwell – Metropolitan Trustee  
Office of the Trustee  
700 2nd Avenue South, Suite 220  
P.O. Box 196358  
Nashville, TN 37219

Dear Mr. Cardwell:

Please find attached the final monitoring report on the Office of the Metropolitan Trustee's use of Metro credit cards. 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  
Digitally signed by Fred Adom, CPA, CGMA, CICA  
DN: cn=Fred Adom, CPA, CGMA, CICA, ou=Metro Department of  
Finance, ou=Office of Financial Accountability,  
email=fred.adom@nashville.org, c=US  
Date: 2016.09.21 14:20:54 -05'00'

Director, Office of Financial Accountability

cc: Patricia Greer, Metropolitan Trustee  
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  
Jeff Gossage, Purchasing Agent, 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 ◆

# Office of the Trustee

Conducted by



Office of Financial Accountability

September 21, 2016

MONITORING REPORT

---

**TABLE OF CONTENTS**

INTRODUCTION..... 5

OBJECTIVES, SCOPE AND METHODOLOGY ..... 6

RESULTS OF REVIEW..... 7

FINDINGS AND RECOMMENDATIONS.....8

## INTRODUCTION

---

The Office of Financial Accountability (hereinafter referred to as “OFA”) has completed a credit card review of the Metropolitan Trustee 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 Metropolitan Trustee Office collects Davidson County’s Real Property Tax, Public Utility Tax, Personal Property Tax, Central Business Improvement District Tax and Vegetation Liens each year; and administers the Tax Relief Program for the State of Tennessee and Metro Government, and the Davidson County Tax Freeze Program. Per the Fiscal Year 2016 Operating Budget Book, the Metropolitan Trustee had 28 total budgeted positions and an operating budget of \$2,406,900.

## OBJECTIVES, SCOPE AND METHODOLOGY

---

The scope of the credit card review period covered July 1, 2012 through February 29, 2016. There was one cardholder in the Metropolitan Trustee during the review period. See the table below for details:

<b>Cardholder Name</b>	<b>Time Period</b>	<b>Number of Transactions</b>	<b>Dollar Value of Transactions</b>
Cardholder A	7/2012 – 2/2016	11	\$1,947.74
Cardholder B	7/2012 – 2/2016	20	\$4,823.23
Cardholder C	7/2012 – 2/2016	2	\$1,476.61
<b>Totals</b>		<b>33</b>	<b>\$8,247.58</b>

The Office of Financial Accountability reviewed 30 transactions (91%) 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 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. Metropolitan Trustee:

1. Failed to exercise exempt status by improperly paying sales tax.

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

## FINDINGS AND RECOMMENDATIONS

---

### 1. Failed to exercise exempt status by improperly paying sales tax.

#### Finding

The Metropolitan Trustee improperly paid sales tax on two (2) transactions totaling \$116.82. 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 Metropolitan Trustee should ensure that Metro cardholders review and dispute charges associated with Tennessee sales tax. The Metropolitan Trustee should also ensure that Metro credit card cardholders adhere to Metro Finance Policy #19.

#### MANAGEMENT’S COMMENTS

**We concur.**