

**METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY**



November 9, 2016

Dawn Deaner – Public Defender  
Metropolitan Public Defender’s Office  
404 James Robertson Parkway  
Parkway Towers, Suite 2022  
Nashville, TN 37219

Dear Ms. Deaner:

Please find attached the final report on the Public Defender Office’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 and your staff previously reviewed and responded to the preliminary report. Your response to that 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

cc: Annette Crutchfield, Metropolitan Public Defender’s Office  
Talia Lomax-O’ dneal, Director of Finance, Department of Finance  
Gene Nolan, Deputy Director of Finance, Department of Finance  
Kim McDoniel, Deputy Director of Finance, Department of Finance  
Phil Carr, Chief of Accounts, Department of Finance

Jeff Gossage, Purchasing Agent, 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 ◆

# Metropolitan Public Defender's Office

Conducted by



Office of Financial Accountability

November 9, 2016

MONITORING REPORT

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## INTRODUCTION

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The Office of Financial Accountability (hereinafter referred to as "OFA") has completed a credit card review of the Metropolitan Public Defender's Office 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 Public Defender's Office's mission is "to provide zealous representation and to fight for equal justice for the indigent accused." Per the Fiscal Year 2016 Operating Budget Book, the Metropolitan Public Defender's Office had 86 total budgeted positions and an operating budget of \$7,358,300.00.

## OBJECTIVES, SCOPE AND METHODOLOGY

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The scope of the credit card review period covered July 1, 2012 through February 29, 2016. There were four (4) cardholders in the Metropolitan Public Defender's Office 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	1/2013 – 2/2016	187	\$38,841.97
Cardholder B	10/2012 – 2/2016	37	\$2,885.24
Cardholder C	9/2012 – 2/2013	2	\$43.74
Cardholder D	7/2012 – 12/2012	30	\$6,132.24
<b>Totals</b>		<b>256</b>	<b>\$47,903.19</b>

The Office of Financial Accountability reviewed 49 transactions (19%) 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

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### 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 Metropolitan Public Defender's Office:

1. Failed to adhere to Metro's Travel Policy

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

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### 1. Failed to adhere to Metro's Travel Policy

#### Finding

The Metropolitan Public Defender's Office failed to provide approved travel authorizations in support of three (3) travel related credit card expenditures in accordance to Metro Finance Policy #18: Travel. *Per the Metro Finance Policy #18: Travel, 1) General Policies e): "All travel must be authorized in advance by the proper departmental authority. Approved Metro travel is the basis for reimbursement in accordance with this policy and further states under 1) General Policies h) It is ultimately the responsibility of the department or agency head to ensure that all employees adhere to this Travel Policy, that all appropriate approvals are obtained and documented and that all documentation supporting approvals and travel expenses are maintained by the department or agency."* *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)".*

#### RECOMMENDATION

The Metropolitan Public Defender's Office should ensure compliance with Metro Finance Policy #18: Travel Policy and obtain prior approval for all employee travel. The Public Defender's Office should further ensure that the documentation to support all approved travel is being maintained and readily available for review.

#### MANAGEMENT'S COMMENTS

We concur. Travel authorization requests for non-employees conducting Metro business were not submitted through the online Travel Application. Non-employee travel requests are now being submitted through the online Travel Application to document prior approval.