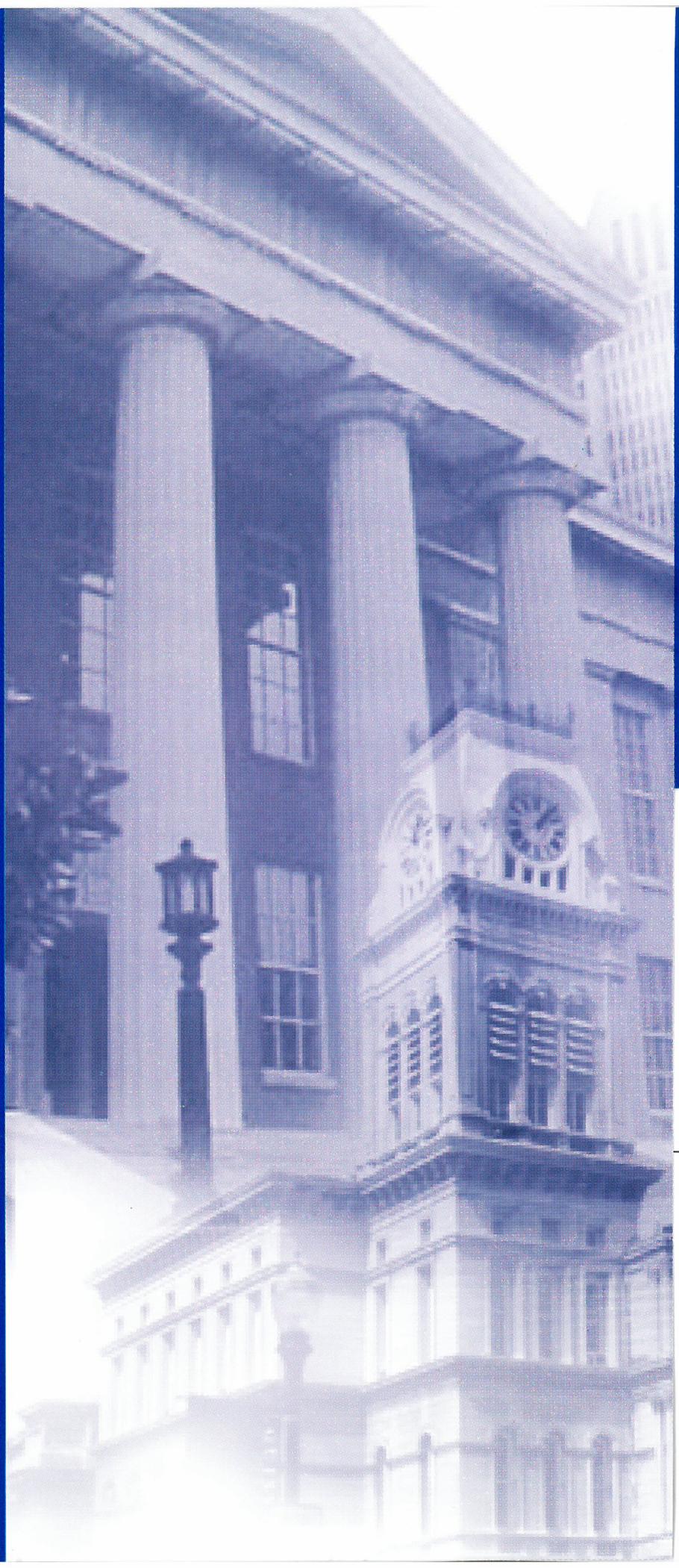




Greg Fischer
Mayor

Louisville Metro Council

The Office of Internal Audit provides independent, objective assurance and consulting services that adds value to and improves Louisville Metro Government.



Office of Internal Audit

Metro Council

**District 21 – Financial Activity
Review – FY14**

Report

Louisville Metro Council

District 21 – Financial Activity Review Fiscal Year 2014

November 2014



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TO: Dan Johnson
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FROM: Ingram Quick, CIA, CFE
Office of Internal Audit

DATE: November 25, 2014

SUBJ: District 21 – Financial Activity Review

Introduction

The Office of Internal Audit, by special request from Councilman Dan Johnson, conducted a review of the financial activity of Metro Council District 21. The review was requested to ensure public trust in his spending of discretionary funds appropriated to District 21. The audit was conducted in accordance with General Auditing Standards issued by the Comptroller General of the United States and with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Audit.

Scope

An understanding of the policies that guide the administration of Metro Council procurement and payroll activity were obtained through a review of Louisville Metro Council Policies and Procedures as well as interviews with key personnel. The purpose of the review was to assess compliance with relevant policies, procedures, and guidelines established to ensure public trust and fiscal accountability. Financial activity related to District 21's Neighborhood Development Funds (NDF), Capital Infrastructure Funds (CIF), and the district's operating cost center for Fiscal Year 2014 (July 2013 through June 2014) were reviewed. This included telephone bills, out of town expenditures, payroll and procurement data, as well as program and project expenditures related to Neighborhood Development Funds and Capital Infrastructure Funds.

Results

Neighborhood Development Funds

Neighborhood Development Funds activity for the period of July 2013 through June 2014 (FY14) was analyzed. This included a review of District 21 NDF project and grant expenditures along with supporting documentation. The analyses did not reveal any unusual payments / recipients and the activity was found to be in conformance with applicable policies and procedures.

Capital Infrastructure Funds

Capital Infrastructure Funds activity for the period of July 2013 through June 2014 (FY14) was analyzed. This was for all paving and sidewalk projects funded by District 21. Although there was no issues noted with the Capital Infrastructure Fund activity for District 21 during the review period, there was an issue with a paving project requested and funded by District 21. The funding for this specific project was approved through the annual budgetary process. Specifics include the following.

- **Ratings.** During the summer of 2013, an outside third party performed a pavement condition analysis on all Louisville Metro streets and roadways. This allowed Public Works and Assets (PWA) to obtain new and consistent paving ratings for all streets and roadways in the Louisville Metro area. PWA provided these ratings to councilmembers to assist in the prioritization of paving projects in their district. The threshold PWA set for streets and roadways listed as poor and in need of paving was 55 and below.
 - There were two instances in which the rating of the street or roadway paved at the request of District 21 was above the threshold set by PWA as a road in need of paving.
 - One of the two instances in which the rating was higher than the threshold, was the street on which the councilman resides, which had a rating of 56.

District 21 Operating Cost Center

Financial activity related to District 21's operating cost center for the period of July 2013 through June 2014 (FY14) was analyzed. This included a review of telephone bills, out of town expenditures, and payroll and procurement data. There was an issue noted with the District 21 operating cost center activity. Specifics include the following.

- **Telephone Reimbursement.** Louisville Metro councilmembers follow the Louisville Metro Government Cellular Telephone Policy (Policy). The Policy states that councilmembers must review their cellular phone bills and identify any personal calls. The councilmember must reimburse Louisville Metro Government for all of his/her personal calls up to the total amount of the monthly bill. Louisville Metro Government requires a reimbursement rate of \$.10 per minute. Reimbursements to Louisville Metro for personal cellular phone use may be made on a monthly or quarterly basis.
 - During Fiscal Year 2014, a total amount of \$855 was to be reimbursed to Louisville Metro for the councilman's personal cellular phone use. This amount was calculated using Louisville Metro's reimbursement rate of \$.10 and the number of minutes the councilman specifically identified as personal calls on his telephone bill. This amount also included additional charges on the telephone bill which represented Directory Assistance calls which are not allowed under the Policy.
 - There were no reimbursements made by the councilman for personal cellular phone use during Fiscal Year 2014. Two checks were written to Louisville Metro Government in

July 2014 (beginning of Fiscal Year 2015) and were ultimately returned from the bank due to insufficient funds. As a result, the Office of Management and Budget assessed a \$50 return check fee on each returned check, per Louisville Metro Cash Management Policy. In August 2014, a cash payment was made to Louisville Metro Government in the amount of \$400. A partial amount of the payment (\$100) was applied to the check return fees associated with the user's account; while the remainder of the payment (\$300) was applied to the outstanding balance.

- During the time of this review, the councilman provided a \$455 check and \$100 cash payment to the Metro Council Business Office to settle the Fiscal Year 2014 remaining balance.

Conclusion

Other than the issues noted, the review did not identify any unusual payments / recipients and the financial activity was found to be in compliance with the applicable policies and procedures. It is not necessary for you to formally respond to this report. If you would like to discuss this further, or need additional information, please contact me.

cc: Louisville Metro Council
Louisville Metro Council President
Louisville Metro External Auditors

Office of Internal Audit

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www.louisvilleky.gov/InternalAudit/