FINAL REPORT

A Report to the Audit Committee

Mayor
Freddie O'Connell

District Attorney General
Glenn Funk

Audit Committee Members
Burkley Allen
Tom Bates
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Courtney Johnston
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Audit of the District Attorney's Office

March 5, 2025

Metropolitan Nashville Office of Internal Audit

Audit of the District Attorney's Office

EXECUTIVE SUMMARY

March 5, 2025

Why We Did This Audit

The audit was initiated due to the importance of the District Attorney's work to the citizens of Metropolitan Nashville and Davidson County.

What We Recommend

- Review current training and adjust as needed to ensure adequate controls on expenditures.
- Ensure compliance with Metropolitan Nashville Government Procurement Code.
- Adjust current supplemental pay methodology, policies, and tax reporting.
- Consistently follow Finance policy on credit card usage.
- Create processes sufficient to mitigate risks to revenue tracking and completeness.
- Work with other departments to maintain an accurate and reliable inventory of personal computers.

BACKGROUND

The District Attorney General for the 20th Judicial District is responsible for the prosecution of all alleged violations of state criminal laws, felonies and misdemeanors occurring within Metropolitan Nashville and Davidson County.

District Attorney General Glenn R. Funk was sworn in to office on August 28, 2014. He became Davidson County's 36th District Attorney, the third since 1966.

OBJECTIVES AND SCOPE

The objectives of this audit are to determine if:

- Processes and controls are in place to ensure expenditures are properly requested, approved, tracked, monitored, and made in accordance with the Metropolitan Nashville Procurement Code and other financial policies.
- Processes and controls are in place to ensure revenues collected are complete, tracked, safeguarded, deposited, and properly recorded.
- Processes and controls are in place to ensure fixed assets are properly accounted, tracked, and maintained.

The scope of this audit included expenses, revenues, and fixed assets from July 1, 2022, through June 30, 2024.

WHAT WE FOUND

The District Attorney's Office had established processes and controls around expenditures. However, some invoices and credit card payments lacked proper documentation and included late fees or taxes. A temporary services contract had indefinite terms and did not meet procurement standards. Employee salary supplemental payments were improperly classified for some employees, and the initial objective of the payments was no longer being met.

Revenues were appropriately collected, deposited, and recorded in the general ledger. However, internal controls around revenue completeness, tracking, and safeguarding should be strengthened.

Computer inventory records differed between the District Attorney's Office and the Information Technology Services department.

GOVERNANCE

The District Attorney General is a constitutional office. The Tennessee Constitution, Article 6, Judicial Department, Section 5, mandates elections occur every eight years. Glenn Funk is currently serving his second eight-year term as District Attorney General of the 20th Judicial District. The powers and duties of each District Attorney General are stipulated in Tennessee Code Annotated §8-7-103.

The Tennessee District Attorneys General Conference, created by the General Assembly of the State of Tennessee in 1961, is comprised of the District Attorneys General from the State's 32 judicial districts: Tenn. Code Ann. § 8-7-301. The Tennessee District Attorneys General Conference provides centralized administrative support to district attorneys general. The Davidson County District Attorney's Office has in house administrative functions as well.

BACKGROUND

The District Attorney's Office prosecutes violent crime in the community and protects vulnerable victims. The Davidson County District Attorney's mission is to investigate and prosecute all criminal offenses within Davidson County where there is sufficient evidence to warrant conviction. Prosecutions punish offenders, incapacitate violent and repeat criminals, and deter future criminal activity. Additionally, the office is committed to treating victims and witnesses with dignity.

The District Attorney's Office employs staff funded by either the State of Tennessee or the Metropolitan Nashville Government. Exhibit A combines the employee counts from the two funding sources.

Exhibit A: District Attorney's Office Employees by Position

Position Type	Metro FTE FY 24	State FTE August 2023	Total FTE
Administrative Services Manager	3	0	3
Administrative Services Officer 4	4	0	4
Administrative Specialist	2	0	2
Asst District Attorney	36.67	43	79.67
Criminal Investigator	3	5	8
Info Sys Media Analyst 1	7	0	7
Legal Secretary 1	12	8	20
Victim Advocate 1	11	0	11
Other Positions	18.55	5	23.55
10101 Total Positions & FTEs	**97.22**	**61**	**158.22**
Other Funds	*9.5*	*0*	*9.5*
Total	***106.72***	***61***	***167.72***

Sources: Metropolitan Nashville Government FY24 Budget Book and the District Attorney's Office State Staff List

The District Attorney's Office incurs regular operational expenses throughout the course of business. The office receives operating fund revenues through expense reimbursements from the State of Tennessee and through fulfilling discovery and Freedom of Information Act (FOIA) requests. Exhibit B and Exhibit C include the top operational revenue and expense categories for the District Attorney's Office over the last two fiscal years.

Exhibit B: District Attorney's Office Revenue Categories by Fiscal Year

Revenue Category	Fiscal Year 2023	Fiscal Year 2024
Discovery and FOIA Request	$ 3,253	$ 425
Rent Reimbursement	502,852	573,096
Victim/Witness Travel Reimbursement	8,468	28,106
Total	**$ 514,573**	**$ 601,626**

Source: Oracle E-Business Suites R12

Exhibit C: Top District Attorney's Office Expense Categories by Fiscal Year

Expense Category	Fiscal Year 2023	Fiscal Year 2024
Salary	$ 6,752,629	$ 7,814,196
Fringe Benefits	2,095,116	2,338,201
Rent Building & Land	864,244	1,039,097
Information Systems Charge	269,900	268,500
Telecommunications Charge	96,929	98,422
Total	**$ 10,078,818**	**$ 11,558,415**

Source: Oracle E-Business Suites R12

Exhibit D below summarizes the top five vendors paid by the District Attorney's Office during the scope period. Payments to the State of Tennessee consist primarily of reimbursements paid by the District Attorney's Office to the Tennessee District Attorneys General Conference for state employees at the District Attorney's Office.

Exhibit D: Top 5 Vendors of District Attorney's Office by Fiscal Year

Vendor	Fiscal Year 2023	Fiscal Year 2024
Washington Square Investment*	$ 883,192	$ 307,306
Square Investment Holding*		$ 731,790
State of Tennessee	$ 140,593	$ 3,413
Iron Mountain Inc	$ 58,707	$ 71,072
TownePlace Suites Downtown/Capitol District	$ 29,616	$ 17,294
Total	**$ 1,112,108**	**$ 1,130,876**

**Note – Washington Square Investment is the same entity as Square Investment Holdings.*
Source: Oracle E-Business Suites R12

OBJECTIVES AND CONCLUSIONS

1. *Are processes and controls in place to ensure expenditures are properly requested, approved, tracked, monitored, and made in accordance with the Metropolitan Nashville Procurement Code and other financial policies?*

   Generally, yes. The District Attorney's Office had processes and controls in place to ensure expenditures were properly requested, approved, tracked, monitored, and made in accordance with financial policies.

   The District Attorney's Office reviewed invoices for accuracy and consistently determined if the expense was to be paid by the Metropolitan Nashville Government or the District Attorneys General Conference. However, the invoices reviewed showed some invoices included tax or late fees, were improperly recorded, or were paid after the due date. (See Observation F.)

   Additionally, treatment of one contract does not appear to follow the Metropolitan Nashville Procurement Code. Employee supplemental pay was potentially inconsistent with IRS guidance, was not meeting initial objectives, and was not properly recorded on tax forms for some staff. Credit card payments were primarily for victim or witness travel, and travel payments consistently met travel policy guidelines. However, some credit card payments lacked documentation in line with credit card policy requirements. (See Observations A, B, C, and G.)

2. *Are processes and controls in place to ensure revenues collected are complete, tracked, safeguarded, deposited, and properly recorded in the general ledger?*

   Generally, yes. The District Attorney's Office had processes in place to collect, record, deposit, and safeguard revenues. However, opportunities to strengthen controls around tracking and completeness existed.

   State rental reimbursements and victim or witness travel reimbursements were unable to be reconciled. Additionally, the travel log lacked safeguards. Discovery fees and FOIA revenues had controls in place for receipting during the audit period. However, the controls did not include a record of requests received and did not follow two-person integrity for cash collection. (See Observation E.)

3. *Are processes and controls in place to ensure fixed assets are properly accounted, tracked, and maintained?*

   Generally, no. The District Attorney's Office maintains an on-going inventory record of personal computers. However, the records do not match Information Technology Services' records. The District Attorney's Office lacks inventory controls to address proper accounting, tracking, and maintenance of inventory records. (See Observation D.)

   Information Technology Services' inventory records do not appear to be accurate for the District Attorney's Office. The personal computer count for Information Technology Services' rates does not agree with Information Technology Services' inventory or the District Attorney's Office inventory. (See Observation D.)

AUDIT OBSERVATIONS

Internal control helps entities achieve important objectives and sustain and improve performance. The Committee of Sponsoring Organizations of the Treadway Commission, *Internal Control – Integrated Framework (COSO)*, enables organizations to effectively and efficiently develop systems of internal control that adapt to changing business and operating environment, mitigate risks to acceptable levels, and support sound decision making and governance of the organization. The audit observations listed are offered to assist management in fulfilling their internal control responsibilities.

Observation A – Salary Supplement Goals

Supplemental pay amounts were not documented in employee handbooks or in offer letters. Additionally, the supplements were not sufficient to meet the goal of paying Assistant District Attorneys equitably when compared with Public Defenders.

In 2017, the District Attorney's Office requested a budget for salary supplements to address a disparity in pay between Public Defenders and Assistant District Attorneys. Salaries for Assistant District Attorneys are mandated by Tennessee Code Annotated §8-7-226. The law increases the salary of an Assistant District Attorney based upon years of service and includes an annual adjustment. Salaries for Metropolitan Nashville Government Public Defenders are based upon job classification level, within which there is a range of pay. During the scope period, Assistant District Attorneys were paid salary supplements of $10,000 annually. Supervising Assistant District Attorneys were paid an additional salary supplement of $10,000 annually, for a total of $20,000 in salary supplement. The pay is not documented by the District Attorney's Office in offer letters, employee handbooks, or otherwise beyond the necessary paperwork to create an invoice.

A review looked at salaries for entry-level and top-level Assistant District Attorneys with similarly situated Public Defenders. The review took the lowest possible pay and the highest possible pay for each as found in the Metropolitan Nashville Government Pay Tables and Tennessee Code Annotated §8-7-226. Exhibit E summarizes the salary comparison for fiscal years 2023 and 2024.

Exhibit E: Summary of Salary Disparity

Entry-Level Salary

Entity	2023	2024
Public Defender	**$ 69,923**	**$ 80,810**
District Attorney		
Salary	*49,080*	*63,853*
Supplement	*10,000*	*10,000*
Total DA Salary	**$ 59,080**	**$ 73,853**
Difference	**$ 10,843**	**$ 6,957**

Top-Level Salary

Entity	2023	2024
Public Defender	**$ 168,111**	**$ 199,960**
District Attorney		
Salary	*128,616*	*167,325*
Supplement	*10,000*	*10,000*
Total DA Salary	**$ 138,616**	**$ 177,325**
Difference	**$ 29,495**	**$ 22,635**

Sources: Metropolitan Nashville Government Pay Tables; Tennessee Code Annotated §8-7-226

Step raises based on years of service may occasionally result in favorable salary differentials for Assistant District Attorneys. However, in general, even with the $10,000 salary supplement, Assistant District Attorneys are compensated lower than Public Defenders.

Lack of regular salary review and comparison increases the risk of pay gaps between comparable positions. The pay differentials hinder the District Attorney's Office attainment of competitive recruiting and retention.

Criteria:

- *Tennessee Internal Control and Compliance Manual*–Component 3–Control Activities–Principle 1–Management should design control activities to achieve objectives and respond to risks.
- *Tennessee Internal Control and Compliance Manual*–Component 3–Control Activities–Principle 3–Management should implement control activities through policies.

Assessed Risk Rating:

High

Recommendations for management of the District Attorney's Office to:

1. Document all pay offered for the Assistant District Attorney position in offer letters and the employee handbook to benefit the retention and recruitment of a skilled workforce.
2. Develop and implement an annual methodology for calculating Assistant District Attorney supplemental pay to ensure goals of supplemental pay are achieved.

Observation B – Salary Supplement Tax Treatment

The District Attorney's Office did not follow applicable IRS guidance regarding supplemental payments for State of Tennessee employed Assistant District Attorneys.

Supplemental salaries were handled in one of two ways depending on the employment of the Assistant District Attorney. Metropolitan Nashville Government employees received supplemental pay through the payroll process. State of Tennessee employees received supplemental pay through quarterly invoice payments from the District Attorney's Office. All vendors paid via salary supplement invoices during the scope period were confirmed State of Tennessee Assistant District Attorneys.

The Metropolitan Nashville Government issued 1099 tax forms to the State of Tennessee employees receiving invoiced salary supplements. A review of 1099 documentation found the 2024 calculated 1099 amounts matched the expected amounts for applicable staff. However, the 2023 calculated 1099 amounts did not match expected amounts for 3 of 46 individuals (7 percent). The three individuals' 1099 forms were never issued. Per the Finance Department, no requests were received to setup two individuals as 1099 vendors, and one individual had no vendor documentation on file. Failure to issue 1099 tax forms affects the tax treatment of payments made by the Metropolitan Nashville Government.

Furthermore, invoiced salary supplements may be classified incorrectly. The usage of a 1099 tax form indicates an independent contractor. However, the work performed should be classified as common-law employee wages as the salary supplements in no way modify the employment situation regarding the three relevant tests: behavioral control, financial control, and type of relationship. The salary supplements are wages that should be reported using form W-2, not form 1099. The District Attorney's Office or the Metropolitan Nashville Government should file form SS-8 if they wish to continue using a 1099 to report payments and ensure they are properly reported according to the rules and regulations of the Internal Revenue Service.

Usage of the incorrect tax form and wage classification increases the risk of incorrect tax reporting.

Criteria:

- *Tennessee Internal Control and Compliance Manual*–Component 3–Control Activities–Principle 1–Management should design control activities to achieve objectives and respond to risks.
- *Tennessee Internal Control and Compliance Manual*–Component 3–Control Activities–Principle 3–Management should implement control activities through policies.
- IRS Publication 15-A: Employer's Supplemental Tax Guide (Cat. No. 21453T)

Assessed Risk Rating:

High

Recommendation for management of the District Attorney's Office to:

Ensure current salary supplement treatment is reported in accordance with IRS guidance.

Observation C – Contract Management

The District Attorney's Office contracted temporary services without following Metropolitan Nashville Procurement Code. The contract created a scope of services to perform administrative and advisory support for the Conviction Review Unit indefinitely. The term of the contract only included a beginning effective date but no end date. Additionally, services were to be billed monthly with only a maximum payment of $2,083 monthly noted. No hourly rate was established, and no other quotes or bids were obtained for the contracted services.

Given the indefinite nature of the contract, expected total payments over the life of the contract cannot be calculated. The invoices began in January 2023 and continued monthly through the entire scope period. Each invoice was for the maximum amount of $2,083. Fiscal year 2023 payments totaled $12,498, and fiscal year 2024 payments totaled $24,996. Calculated hourly rates based on invoice hours reported ranged from $22.89 to $59.51.

The Metropolitan Nashville Procurement Code establishes guidelines for the solicitation process. Generally, the solicitation method is a function of the anticipated spend amount. Payments made within the scope of the audit for the services contract exceeded the $25,000 threshold, requiring competitive sealed bids or request for proposal. Exhibit F summarizes the solicitation guidelines.

Exhibit F: Summary of Solicitation Requirements

Dollar Amount of Purchase	Solicitation Requirements
Up to $2,499	A minimum of one written quotation
$2,500 to $25,000	A minimum of three written quotations
Greater than $25,000	Competitive sealed bids or Request for proposal

Source: The Metropolitan Nashville Procurement Code as of June 30th, 2024

Following the Metropolitan Nashville Procurement Code helps ensure fairness and effectiveness in obtaining vendor services.

Criteria:

- *Tennessee Internal Control and Compliance Manual*–Component 3–Control Activities–Principle 1–Management should design control activities to achieve objectives and respond to risks.
- *Tennessee Internal Control and Compliance Manual*–Component 3–Control Activities–Principle 3–Management should implement control activities through policies.
- The Metropolitan Nashville Government Procurement Code

Assessed Risk Rating:

High

Recommendation for management of the District Attorney's Office to:

Ensure contracts are solicited in compliance with Metropolitan Nashville Procurement Code and include established measures for length, services, and rates.

Observation D – Computer Inventory Management

The District Attorney's Office maintained an on-going inventory of personal computers, but the records did not match Information Technology Services' inventory records. Inventory records maintained by Information Technology Services appeared overstated. Additionally, personal computer counts used for internal service fees appeared overstated.

The Information Technology Services and the District Attorney's Office personal computer inventories were obtained for the same week in August 2024. Exhibit G shows the asset tag matching results overall.

Exhibit G: District Attorney's Office Inventory vs. Information Technology Services Inventory

Asset Tag Inventory Results	District Attorney	Information Technology Services
Total Inventory with Asset Information	578	497
Matched (no duplicates)	350	350
Unmatched (no duplicates)	224	138
% Inventory Not Matched	39%	28%

Source: District Attorney's Office and Information Technology Services' Inventory Listings as of August 2024

A random sample of 47 computers from the Information Technology Services' inventory was selected. Within the sample, 12 computers (26 percent) could not be located. Additionally, 47 computers selected while on-site at the District Attorney's Office were selected and traced back to the Information Technology Services' inventory. A total of 9 computers (19 percent) were not in the Information Technology Services' inventory. Of the 9 computes not included in the Information Technology Services' inventory, the District Attorney's Office inventory listed that the State issued 4 of these computers and the Metropolitan Nashville Government issued 5 of these computers.

Though the District Attorney's Office inventory listing appeared more accurate, a few individuals maintained and modified the office's Excel spreadsheet inventory. Changes were made on an on-going basis. The individual modifying the inventory also recorded the modification without a record of who made the change or what the change was. An independently monitored inventory, such as the one maintained by Information Technology Services, strengthens controls around assets.

Discussions with both Information Technology Services and the District Attorney's Office determined that Information Technology Services maintained a different inventory process for departments where deployments were managed by Information Technology Services. The District Attorney's Office deployments are managed by Justice Integration Services.

When Information Technology Services controls computer deployments, technicians utilize an iPhone application to scan computers at multiple times to automatically update the inventory. Computers are also scanned multiple times when being replaced and sent to surplus. When Information Technology Services does not control computer deployments inventory records are only updated periodically. Reliance for updated inventory records is placed on the Justice Integration Services' inventory records. The Justice Integration Services department did not have access to update Information Technology Services' records automatically.

Information Technology Services allocates central service funding across departments. Personal computer counts are one aspect the department utilizes when assessing the charges. The personal computer counts associated with the District Attorney's Office rates were reviewed. The counts are compiled by Information Technology Services in November of each year, relevant counts are sent to departments in December of each year for review, and final numbers are assigned to departments in January.

Departments are allocated the necessary funding to cover Information Technology Services fees. Changes to the counts would not affect the District Attorney's Office funding. However, an accurate count ensures charges are appropriately allocated to each department.

Lack of accurate inventory records increases the risk of missing computers going unnoticed. Additionally, transparency decreases when fees are calculated on incorrect counts.

Criteria:

- *Tennessee Internal Control and Compliance Manual*–Component 3–Control Activities–Principle 1–Management should design control activities to achieve objectives and respond to risks.

Assessed Risk Rating:

High

Recommendation for management of the District Attorney's Office to:

Work with Information Technology Services and Justice Integration Services to develop a process to maintain a consistent and accurate inventory, shared or duplicated across departments.

Observation E – Revenue Process

The District Attorney's Office lacked controls around revenue processes to ensure completeness, safeguarding, and tracking.

The District Attorney's Office recorded FOIA and discovery fee amounts in a receipt book. However, no other records were maintained to document key information such as requested documents, date, requestor, official response, and amount quoted. In addition, two-person integrity for cash payments was not followed.

State of Tennessee rent reimbursements were being reconciled with invoiced amounts. For fiscal years 2023 and 2024, State rental reimbursements agreed with total invoices.

A review of rental reimbursement invoices noted discrepancies with the established rent calculation. The expected rent reimbursement for fiscal year 2023, calculated by using invoice square footage listed by applicable lease rates, was $17,315.56 more than the actual invoiced amount. The expected rent reimbursement for fiscal year 2024 was $4,696.65 less than the actual invoiced amount.

Victim or witness travel reimbursement records maintained by the District Attorney's Office consisted of a record of payments received from the State of Tennessee. The reimbursements were not reconciled to the reimbursement requests. For fiscal year 2023, the District Attorney's Office victim or witness travel log totaled $4,806.85. However, the transaction register for the travel totaled $8,468.37, a difference of $3,661.52. The records for fiscal year 2024 matched the transaction register total.

Maintaining complete documentation of revenues reduces the risk of theft. Additionally, performing reconciliations between what is requested and received reduces the risk of not receiving owed funding.

Criteria:

- *Tennessee Internal Control and Compliance Manual*–Component 3–Control Activities–Principle 1–Management should design control activities to achieve objectives and respond to risks.

Assessed Risk Rating:

Medium

Recommendations for management of the District Attorney's Office to:

1. Establish documentation for FOIA and discovery fee transactions that includes the following information: requests made, when the request was made, by whom, when and what the official response to the request was, including the amount quoted to fulfill the request.
2. Utilize two-person integrity when handling cash payments.
3. Ensure rental reimbursement invoices follow established rent guidelines and contain sufficient detail for reperformance.
4. Maintain a record of expected reimbursements, when reimbursements are received, and reimbursement amounts. Reconcile records to ensure all reimbursements are received.

Observation F – Invoice Management

The District Attorney's Office's invoice processing followed an established review process. However, payments did not always adhere to financial policies.

Invoices were first checked for accuracy by one of the three finance staff. Staff determined whether the invoice would be paid for by either the Metropolitan Nashville Government or by the State of Tennessee. Invoices paid by the Metropolitan Nashville Government were coded for the correct account, sent to Metro Payment Services for processing, and subsequently approved in the Oracle R-12 system by District Attorney's Office staff.

A random sample of 47 invoices paid by the District Attorney's Office during the scope period was reviewed. Invoices included evidence of manual review by the District Attorney's Office as needed. Although manual review was completed, non-compliance with financial policies was noted. Exhibit H below summarizes the areas of non-compliance within the sample.

Exhibit H: Summary of Non-Compliance

Description	Errors	Percent Error
Paid After 30 Days	4	8.5%
Included Sales Tax	2	4%
Paid Late Fees	1	2%
Incorrectly Categorized	1	2%

Source: District Attorney's Office Invoices Reviewed

Departures from established financial policies increase the risk of wasting funds on unnecessary fees or taxes. Additionally, improper recording of payments decreases transparency.

Criteria:

- *Tennessee Internal Control and Compliance Manual*–Component 3–Control Activities –Principle 3–Management should implement control activities through policies.
- Metropolitan Nashville Government Finance Department # 9 – Prompt Payment Policy

Assessed Risk Rating:

Low

Recommendation for management of the District Attorney's Office to:

Review current training and adjust as needed to ensure expenditures are consistently paid in accordance with financial policies.

Observation G – Credit Card Record Retention

The District Attorney's Office did not consistently follow Finance Department Treasury Policy # 19: Credit Cards. The policy requires specific documentation retention to hold a Metropolitan Nashville Government issued credit card.

A random sample of 47 credit card transactions was reviewed. Of those transactions sampled, the following instances of policy non-compliance were noted:

- 44 of the 47 (94 percent) did not have a receipt uploaded to the Fifth-Third credit card portal.
- 8 of the 47 (17 percent) did not have associated receipts maintained at either the Fifth-Third credit card portal or at the District Attorney's Office.
- 3 of the 47 (6 percent) paid sales tax.
- 10 of the 47 (21 percent) lacked sufficient documentation to determine if sales tax was paid.
- 39 of the 47 (83 percent) did not have the cardholder's signature appended to the receipt or supporting documentation.
- 2 of the 47 (50 percent) involved purchases of food and did not have the required attendance documentation.

Failure to follow the credit card policy consistently increases the risk of inappropriate card usage.

Criteria:

- *Tennessee Internal Control and Compliance Manual*–Component 3–Control Activities –Principle 3–Management should implement control activities through policies.
- Metropolitan Nashville Government Finance Department Treasury #19 – Credit Cards
- Metropolitan Nashville Government Finance Department Treasury #18 – Travel

Assessed Risk Rating:

Low

Recommendation for management of the District Attorney's Office to:

Ensure all credit card purchases and supporting documentation comply with Finance Department Treasury Policy # 19.

GOVERNMENT AUDITING STANDARDS COMPLIANCE

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our observations and conclusions based on our audit objectives.

METHODOLOGY

To accomplish our audit objectives, we performed the following steps:

- Reviewed applicable laws and regulations.
- Interviewed key personnel within the District Attorney's Office.
- Evaluated internal controls currently in place.
- Reviewed sample selections to determine the effectiveness of internal controls.
- Analyzed data to evaluate computer inventories.
- Considered risk of fraud, waste, and abuse.

AUDIT TEAM

Jeremy Waldorf, In-Charge Auditor

Lauren Riley, CPA, CIA, CFE, ACDA, CMFO, Metropolitan Auditor

OFFICE OF THE DISTRICT ATTORNEY GENERAL

GLENN R. FUNK
District Attorney General

March 4, 2025

Lauren Riley
Metropolitan Auditor
Office of Internal Audit
150 2ns Ave. North, Suite 220
Nashville, TN 37201

Re: Audit of the District Attorney's Office

Dear Ms. Riley,

This letter acknowledges our receipt of the draft audit of the Nashville District Attorney's Office. I have reviewed the associated observations/recommendations and discussed them with CFO Nancy White.

Following in the order listed in Appendix A- Management Response and Action Plan:

A.1 Document all pay offered for the Assistant District Attorney position in offer letters and the employee handbook to benefit the retention and recruitment of a skilled workforce.

The Tennessee Code specifies pay for Assistant District Attorneys. However, to more clearly document Assistant District Attorney's salaries without referencing the Statue, the District Attorney's Office will implement this change immediately.

A.2 Develop and implement Metro supplemental pay to ensure goals of supplemental pay to ensure goals of supplemental pay are achieved.

Thank you for identifying that Metro has once again begun paying Assistant Public Defenders significantly more than Assistant District Attorneys. These pay discrepancies are completely in the control of the city administration. I have already begun meetings with OMB and the Mayor's Office to get these discrepancies reconciled in the next budget.

B.1 Ensure current salary supplement treatment is reported in accordance with IRS guidelines.

The District Attorney's Office will work with Metro Finance and Metro Human Resources to ensure salary supplements provided to the State of Tennessee Assistant District Attorneys are processed appropriately and properly reported to the IRS as employee wages on form W-2.

CRIMINAL DIVISION • 20TH JUDICIAL DISTRICT • DAVIDSON COUNTY

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C.1 Ensure contracts are solicited in compliance with Metropolitan Nashville Procurement Code and include established measures for length, services, and rates.

The District Attorney's Office accepts this recommendation and will immediately implement this recommendation.

D.1 Work with Information Technology Services and Justice Integration Services to develop a process to maintain a consistent and accurate inventory, shared or duplicated across departments.

The District Attorney's Office keeps an accurate count of inventory. We acknowledge that ITS has some incomplete information due to some District Attorney Inventory coming from the State as opposed to Metro.

The District Attorney's Office will work more closely with ITS so that inventory numbers can match and accurately identify current inventory.

E.1 Establish documentation for FOIA and discovery fee transactions that includes the following information: request made, when the request was made, by whom, when and what the official response to the request was, including the amount quoted to fulfill the request.

The District Attorney's Office accepts the recommendation and will immediately implement this change.

E.2 Utilize two-person integrity when handling cash payments.

The District Attorney's Office accepts this recommendation and has already implemented this change.

E.3 Ensure rental reimbursement invoices follow established rent guidelines and contain sufficient detail for reperformance.

The District Attorney's Office deals with almost monthly changes since the percentage of rent payment between the state and metro charges based on personnel population. The District Attorney's Office understands this recommendation and will increase documentation so that the invoices to the State will more clearly show the running calculations every quarter.

E.4 Maintain a record of expected reimbursements, when reimbursements are received, and reimbursement amounts. Reconcile records to ensure all reimbursements are received.

The CFO of the District Attorney's Office cannot produce the record or the reconciliation until court orders are signed and reimbursements are received from the State. Going forward, these records will identify the date of the judicial authorization.

F.1 Review current training and adjust as needed to ensure expenditures are consistently paid in accordance with financial policies.

The District Attorney's Office accepts this recommendation will adjust current training.

G.1 Ensure all credit card purchases and supporting documentation comply with Finance Department Treasury Policy #19.

Two members of the District Attorney's Office Finance Department have use of office credit cards. No on else has access to a card, not even the District Attorney. Purchases are only authorized for official business.

The Finance Department will immediately make certain to more fully document all purchases.

Please accept my thanks for the thoroughness and attention to detail evident in the audit process, analysis and subsequent conversation and review. We look forward to resolving these issues and implementing those recommendations that are within our control.

Sincerely,

Glenn R. Funk
District Attorney General

APPENDIX A – MANAGEMENT RESPONSE AND ACTION PLAN

We believe that management is in a unique position to best understand their operations and may be able to identify more innovative and effective approaches and we encourage them to do so when providing their response to our recommendations.

Risk	Recommendation	Concurrence and Action Plan	Expected Completion Date
H	**A.1** Document all pay offered for the Assistant District Attorney position in offer letters and the employee handbook to benefit the retention and recruitment of a skilled workforce.	**Accept** The Tennessee Code specifies pay for Assistant District Attorneys. However, to more clearly document Assistant District Attorney's salaries without referencing the Statute, the District Attorney's Office will implement this change immediately.	1/24/2025
H	**A.2** Develop and implement an annual methodology for calculating Assistant District Attorney supplemental pay to ensure goals of supplemental pay are achieved.	**Accept** Thank you for identifying that Metro has once again begun paying Assistant Public Defenders significantly more than Assistant District Attorneys. These pay discrepancies are completely in the control of the city administration. I have already begun meetings with OMB and the Mayor's Office to get these discrepancies reconciled in the next budget.	7/01/2025
H	**B.1** Ensure current salary supplement treatment is reported in accordance with IRS guidance.	**Accept** The District Attorney's Office will work with Metro Finance and Metro Human Resources to ensure salary supplements provided to the State of Tennessee Assistant District Attorneys are processed appropriately and properly reported to the IRS as employee wages on form W-2.	7/01/2025
H	**C.1** Ensure contracts are solicited in compliance with Metropolitan Nashville Procurement Code and include established measures for length, services, and rates.	**Accept** The District Attorney's Office accepts this recommendation and will immediately implement this recommendation.	1/24/2025

APPENDIX A – MANAGEMENT RESPONSE AND ACTION PLAN

Risk	Recommendation	Concurrence and Action Plan	Expected Completion Date
H	**D.1** Work with Information Technology Services and Justice Integration Services to develop a process to maintain a consistent and accurate inventory, shared or duplicated across departments.	**Accept** The District Attorney's Office keeps an accurate county of inventory. We acknowledge that ITS has some incomplete information due to some District Attorney inventory coming from the State as opposed to Metro. The District Attorney's Office will work more closely with ITS so that inventory numbers can match and accurately identify current inventory.	3/01/2025
M	**E.1** Establish documentation for FOIA and discovery fee transactions that includes the following information: requests made, when the request was made, by whom, when and what the official response to the request was, including the amount quoted to fulfill the request.	**Accept** The District Attorney's Office accepts the recommendation and will immediately implement the change.	1/24/2025
M	**E.2** Utilize two-person integrity when handling cash payments.	**Accept** The District Attorney's Office accepts this recommendation and has already implemented this change.	1/24/2025
M	**E.3** Ensure rental reimbursement invoices follow established rent guidelines and contain sufficient detail for reperformance.	**Accept** The District Attorney's Office deals with almost monthly changes since the percentage of rent payment between state and metro changes based on personnel population. The District Attorney's Office understands this recommendation and will increase documentation so that the invoices to the State will more clearly show the running calculations every quarter.	3/01/2025
M	**E.4** Maintain a record of expected reimbursements, when reimbursements are received, and reimbursement amounts. Reconcile records to ensure all reimbursements are received	**Accept** The CFO of the District Attorney's Office cannot produce the record or the reconciliation until court orders are signed and reimbursements are received from the State. Going forward, these records will identify the date of judicial authorization.	1/24/2025

APPENDIX A – MANAGEMENT RESPONSE AND ACTION PLAN

Risk	Recommendation	Concurrence and Action Plan	Expected Completion Date
L	**F.1** Review current training and adjust as needed to ensure expenditures are consistently paid in accordance with financial policies.	**Accept** The District Attorney's Office accepts this recommendation will adjust current training.	1/24/2025
L	**G.1** Ensure all credit card purchases and supporting documentation comply with Finance Department Treasury Policy # 19.	**Accept** Two members of the District Attorney's Office Finance Department have use of office credit cards. No one else has access to a card, not even the District Attorney. Purchases are only authorized for official business. The Finance Department will immediately make certain to more fully document all purchases.	1/24/2025

APPENDIX B – ASSESSED RISK RANKING

Observations identified during the course of the audit are assigned a risk rating, as outlined in the table below. The risk rating is based on the financial, operational, compliance or reputational impact the issue identified has on the Metropolitan Nashville Government. Items deemed "Low Risk" will be considered "Emerging Issues" in the final report and do not require a management response and corrective action plan.

Rating	Financial	Internal Controls	Compliance	Public
HIGH	Large financial impact >$25,000 Remiss in responsibilities of being a custodian of the public trust	Missing, or inadequate key internal controls	Noncompliance with applicable Federal, state, and local laws, or Metro Nashville Government policies	High probability for negative public trust perception
MEDIUM	Moderate financial impact $25,000 to $10,000	Partial controls Not adequate to identify noncompliance or misappropriation timely	Inconsistent compliance with Federal, state, and local laws, or Metro Nashville Government policies	Potential for negative public trust perception
LOW/ Emerging Issues	Low financial impact <$10,000	Internal controls in place but not consistently efficient or effective Implementing / enhancing controls could prevent future problems	Generally complies with Federal, state, and local laws, or Metro Nashville Government policies, but some minor discrepancies exist	Low probability for negative public trust perception
Efficiency Opportunity	An efficiency opportunity is where controls are functioning as intended; however, a modification would make the process more efficient			