



OFFICE  
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May 6, 2015

Kendell Poole, Director  
Governor's Highway Safety Office  
Tennessee Department of Transportation  
505 Deaderick Street, Suite 1800  
Nashville, TN 37243

### Management Letter

Dear Mr. Poole:

We have recently completed our agreed-upon procedures engagement, which we conducted in accordance with Government Auditing Standards (GAS), December 2011 Revision. GAS incorporates the Statements on Standards for Attestation Engagements (SSAE) established by the American Institute of Certified Public Accountants (AICPA).

In accordance with our normal practice, we write this management letter to draw your attention and to inform you of certain matters that we identified during the engagement. Those issues are set out in the attached *Schedule B* and include recommendations to enhance current practices. Because an agreed-upon procedures engagement is not an audit, our recommendations are propositions for process improvements rather than prescriptive requirements. You and your team could enact other methods to achieve equally desired effects.

We would like to thank you and your staff for their assistance and cooperation during the engagement, and we would be pleased to provide any clarification that you may require on the issues raised in this management letter.

Kind regards,

Mel Marcella, CPA, CMA, CIA, CISA, CFE  
Director, Division of Internal Audit

## Schedule B Agreed-Upon Procedures Engagement Recommendations

### **A – Periodic review of contractual commitments versus actual performance**

We suggest that GHSO personnel prospectively include monitoring procedures that verify the grantee performs as contractually obligated by periodically comparing proposal elements with actual results. To achieve this, we suggest GHSO amend the *Claim Checklist* to incorporate the following suggestions:

- An evaluation of allocation percentages to ensure congruence with proposal (e.g. if the proposal states an individual will only receive 15% of the overtime budget then GHSO should not reimburse for significant overcharges)
- Require additional supporting documents to ensure that grantee overtime claims actually occurred and were earned (e.g. attaching a copy of the regular pay stub to show that overtime was earned in excess of regular hours)
- Require program-specific proof to support proposed actions such as high school education or teenage driver awareness programs, data collection and statistical measures, and trend analytics

### **B – Consideration for exemptions to stated policies**

We suggest GHSO amend their *Policy Manual* to include exceptions to stated restrictions, especially when determining availability of grant funds for small police departments. Because some police departments have limited staffing, the program may encounter instances wherein exempt employees must participate in DUI enforcement or patrol saturation initiatives. The amendment to the *Policy Manual* should include a process to review and approve potential exemptions on a case-by-case basis.

### **C – Incorporate analytical procedures for monitoring activities**

TDOT's External Audit and GHSO's monitoring personnel should include preliminary analytical procedures to identify trends and potential red-flag transactions when conducting monitoring activities. Specifically, analytical procedures should include:

- A process for identifying whether grant recipients receiving overtime compensation are exempt or non-exempt employees
- Preliminary review of historical trends to identify equity of overtime distribution
- Process assessments to indicate that every officer willing to volunteer for the program has the opportunity to participate

### **D – Request remuneration from the Town of Woodbury**

GHSO should formally request a refund of \$28,602.48 for disallowed reimbursements from the City of Woodbury.