

**METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON
COUNTY**



**METROPOLITAN NASHVILLE
AUDIT COMMITTEE**

WORKBOOK

February 9, 2021

*"Fraud and falsehood only dread examination.
Truth invites it."
– Samuel Johnson –*

METROPOLITAN NASHVILLE
METROPOLITAN AUDIT COMMITTEE MEETING AGENDA
February 9, 2021, 4:00 p.m.

This meeting will take place via WebEx and will be broadcast live through the Metro Nashville Network, (MNN). The broadcast may be streamed live at: <http://stream.nashville.gov>.

- I. Call Meeting to Order (Brackney Reed – Committee Chairman)
- II. Approval of Minutes (Brackney Reed – Committee Chairman)
 - Approval of Minutes for January 11, 2021, meeting
- III. New Business
 - Discussion on the Audit of the Metropolitan Trustee issued January 12, 2021. (Lauren Riley – Metropolitan Auditor)
 - Tentative Discussion on the Follow-Up Audit of Nashville General Hospital Pharmacy Operations (Lauren Riley – Metropolitan Auditor)
 - Discussion of the Office of Internal Audit Recommended 2021 Annual Work Plan (Lauren Riley – Metropolitan Auditor)
 - Discussion on the Office of Internal Audit Follow-Up Policy and Procedures (Lauren Riley – Metropolitan Auditor)
- IV. Internal Audit Project Status (Lauren Riley – Metropolitan Auditor)
 - Recommendation implementation follow-up status
 - On Going Projects
- V. Other Administrative Matters (Lauren Riley – Metropolitan Auditor)
 - Criminal Justice Information Services (CJIS) clearance for Metropolitan Audit Committee Members
 - Recognition of Charles Frasier’s service to the Metropolitan Audit Committee and discussion on new TSCPA appointee
 - Office of Internal Audit 2020 Performance Report and Metropolitan Nashville Audit Committee Annual Report to the Metropolitan Nashville Council
 - FY2021 Budget Status
- VI. Consideration of Items for Future Meetings (Brackney Reed – Committee Chairman)
- VII. Adjournment of Public Meeting – Next Regular Meeting Tuesday, April 13, 2021.
- VIII. Call for a motion to enter executive session (Brackney Reed – Committee Chairman)
- IX. Executive Session Agenda – (Brackney Reed – Committee Chairman)
 - If needed, discussion of pending or ongoing audits or investigations. (Lauren Riley – Metropolitan Auditor)

METROPOLITAN NASHVILLE
METROPOLITAN AUDIT COMMITTEE MEETING AGENDA
February 9, 2021, 4:00 p.m.

Note: Upon a majority vote of committee members in attendance for the public portion of the meeting, the Metropolitan Nashville Audit Committee may hold confidential, nonpublic executive sessions to discuss the following items (T.C.A. § 9-3-405¹):

- Items deemed not subject to public inspection under T.C.A. §§ 10-7-503² and 10-7-504³ and all other matters designated as confidential or privileged under this code;
- Current or pending litigation and pending legal controversies;
- Pending or ongoing audits or audit related investigations;
- Information protected by federal law; and
- Matters involving information under T.C.A. § 9-3-406⁴ where the informant has requested anonymity.



To request an accommodation, please contact Lauren Riley at (615) 862-6111.

¹ T.C.A. § 9-3-405(d). Establishment of audit committee, Notice requirements, Open meetings, Confidential, nonpublic executive session.

² T.C.A. § 10-7-503. Records open to public inspection, Schedule of reasonable charges, Costs.

³ T.C.A. § 10-7-504. Confidential records.

⁴ T.C.A. § 9-3-406. Establishment of process for confidential reporting of suspected illegal, improper, wasteful or fraudulent activity, Retaliatory activities prohibited.

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
AUDIT COMMITTEE MEETING MINUTES
January 11, 2021

On Monday, January 11, 2021, at 4:00 p.m., the Metropolitan Nashville Audit Committee met via a WebEx video meeting due to the COVID-19 pandemic. The following people attended the meeting:

Committee Members

Brackney Reed, Chamber of Commerce
Charles Frasier, Tennessee Society of CPAs
Jim Shulman, Vice-Mayor
Kevin Crumbo, Director of Finance
Thom Druffel, Council Member

Committee Member Absent

Zulfat Suara, Council Member

Others

Lauren Riley, Metropolitan Auditor
Theresa Costonis, Department of Law
Tara Ladd, Department of Law
Dell Crosslin, Crosslin
John Crosslin, Crosslin
David Hunt, Crosslin
Jennifer Manternach, Crosslin
Katie Farris, Crosslin
Phil Carr, Chief Accountant
Chief William Swann, Fire Department
Leigh Anne Burtchaell, Fire Department
Maggie Lawrence, Fire Department
Andrea Eanes, Fire Department
Bill Herbert, Codes Department
Byron Hall, Codes Department
Alicia Virvavouth, Codes Department
Benton McDonough, Beer Permit Board
Jim Carson, Office of Internal Audit
Innocent Dargbey, Office of Internal Audit
Bill Walker, Office of Internal Audit

Quorum present? Yes

CALL MEETING TO ORDER

Mr. Reed called the meeting to order.

A **roll call** was conducted by Ms. Riley. The following members were in attendance:

- Brackney Reed
- Charles Frasier
- Jim Shulman
- Thom Druffel
- Kevin Crumbo

A **motion** to conduct the meeting using a WebEx video format because it was necessary to protect the safety and welfare of Tennesseans due to the COVID-19 pandemic and to conform to Governor Bill Lee's Executive Order Number 60 was made, seconded and carried.

Specifically, a roll call was conducted with the following votes:

- Brackney Reed – Yes
- Charles Frasier – Yes
- Jim Shulman - Yes
- Kevin Crumbo - Yes

- Thom Druffel – Yes

APPROVAL OF MINUTES

Mr. Reed inquired about acceptance or changes to the draft for the November 24, 2020, Audit Committee meeting minutes. Mr. Frasier advised his name was not included as participating in the Executive Session. Ms. Riley stated she would modify the minutes accordingly. A **motion** to approve the presented November 24, 2020, Metropolitan Nashville Audit Committee meeting minutes with corrections, was made and seconded. A roll call was conducted with the following votes:

- Brackney Reed – Yes
- Charles Frasier – Yes
- Jim Shulman - Yes
- Kevin Crumbo - Yes
- Thom Druffel – Yes

The motion carried.

NEW BUSINESS

Presentation of the Metropolitan Nashville Government Comprehensive Annual Financial Report for the Year Ended June 30, 2020

Mr. J. Crosslin presented the audit results for the fiscal year 2020 Comprehensive Annual Financial Report. Engagement team members, responsibilities, standards, independence, fraud risk, deliverables, and the audit methodology were all summarized.

Mr. J. Crosslin advised the engagement produced an unmodified opinion. A draft for the Nashville General Hospital audit was currently being reviewed by management. Mr. J. Crosslin asserted that Nashville General Hospital is also anticipated to receive an unmodified opinion. Finally, the Metropolitan Nashville Public Schools internal school funds received an unmodified opinion. The Single Audit, Management Letter and Data Collection Form audits were in process.

Mr. Crumbo complimented the work of Crosslin, particularly auditing through a pandemic and the implementation of a new software system. No additional questions or comments were made.

A **motion** to accept the Metropolitan Nashville Government Comprehensive Annual Financial Report for the year ended June 30, 2020, was made and seconded. A roll call was conducted with the following votes:

- Brackney Reed – Yes
- Charles Frasier – Yes
- Jim Shulman - Yes
- Kevin Crumbo - Yes
- Thom Druffel – Yes

The motion carried.

Discussion on the Follow-Up Audit of the Metropolitan Nashville Fire Marshal's Office, issued December 18, 2020

Ms. Riley summarized the objectives, observations, and recommendations for the audit.

Vice-Mayor Shulman inquired about the follow up inspections and how the report stated this recommendation had not been implemented due to COVID-19 and lack of cooperation from property management. Vice-Mayor Shulman asked for clarification regarding the property managers. Vice-Mayor Shulman also inquired how the Fire Marshal's Office would ensure that this recommendation is implemented. Ms. Riley advised that the Metropolitan Office of Internal Audit will continue to include the recommendation in its follow up process and asked Chief Swann to elaborate on the Fire Marshal's Office plans.

Chief Swann advised they have had some challenges and will make sure this recommendation is completely implemented. Deputy Chief Lawrence advised three challenges exist related to property management. The first has to do with property managers soliciting bids to complete the necessary work. This process takes time. The second relates to when property management companies change. In certain instances, the new property manager is not aware of the violation and needed corrections. The Fire Marshal's Office is working with property managers and has given them until March to complete the work. Finally, Deputy Chief Lawrence advised there are some property managers who will not let them on site or will not show up for scheduled re-inspections. Vice-Mayor Shulman asked, if cooperation is not given, can the Fire Marshal go into the site without permission. Chief Swann advised yes, and there will be an aggressive and intentional push to ensure inspections are completed and issues resolved.

Discussion on the Audit of the Metropolitan Beer Permit Board, issued December 23, 2020

Mr. Walker summarized the objectives, observations, and recommendations for the audit.

Mr. Frasier inquired about the increase in revenue on fines from fiscal years 2019 to 2020. Mr. McDonough stated in the past year a new program where inspections were more aggressive and more comprehensive was implemented. Previously, inspections were done on a sample of permit holders, whereas the new process looks at all permit holders.

Councilmember Druffel inquired if training was provided to the smaller departments who may not have knowledge of various financial cycles. Mr. Walker advised training was provided in varying degrees.

Councilmember Druffel inquired if the Metropolitan Office of Internal Audit provided smaller departments with a listing of common audit findings for training purposes. Ms. Riley stated the office did not but would consider it in the future.

Discussion on the Audit of the Department of Codes and Building Safety Fuel Transactions, issued January 6, 2021

Mr. Walker summarized the objectives, observations, and recommendations for the audit. Councilmember Druffel asked why fuel costs were so low from one year to the other. Mr. Hall advised this was a function of more fuel-efficient vehicles and lower fuel cost.

OTHER ADMINISTRATIVE MATTERS

Ms. Riley noted the proposed dates for calendar year 2021 meetings. No conflicts were noted by committee members.

A **motion** to accept the proposed meeting dates of the Metropolitan Audit Committee for 2021 was made and seconded. A roll call was conducted with the following votes:

- Brackney Reed – Yes
- Charles Frasier – Yes
- Jim Shulman - Yes
- Kevin Crumbo - Yes

- Thom Druffel – Yes

The motion carried.

Ms. Riley provided an update on the status of recommendation follow-up. No discussion ensued.

Ms. Riley summarized current project status. Mr. Frasier inquired about the Hotel Occupancy Tax Audits and why no status was noted for them. Ms. Riley advised there were four such audits conducted during the year. These audits produce letters to the Metropolitan Treasurer's Office and not official reports. These audits occur throughout the year and sometimes multiple at a time.

The next regularly scheduled meeting is February 9, 2021, at 4:00 p.m.

The public meeting adjourned after approximately 1 hour and 3 minutes.

The minutes for the January 11, 2021, Metropolitan Nashville Audit Committee meeting are respectfully submitted.

Lauren Riley, Metropolitan Auditor
Secretary, Metropolitan Nashville Audit Committee



**A Report to the
Audit Committee**

Mayor
John Cooper

Metropolitan Trustee
Erica Gilmore

Audit Committee Members

Kevin Crumbo
Thom Druffel
Charles Frasier
Brackney Reed
Jim Shulman
Zulfat Suara

Audit of the Office of the Metropolitan Trustee

January 12, 2021

Metropolitan
Nashville
Office of
Internal Audit

EXECUTIVE SUMMARY

January 12, 2021



Why We Did This Audit

Metropolitan Trustee, Erica Gilmore, requested this transition audit to review the finances and operations of the Office of the Trustee.

What We Recommend

- Update policies and procedures and revise annually.
- Ensure two-person integrity is followed and documented when counting cash.
- Adjust user access within eGovernment Solutions so that only authorized individuals can process voids and add or edit users.
- Segregate the duties of collecting cash and adjusting property tax bills.

Audit of the Office of the Metropolitan Trustee

BACKGROUND

The primary function of the Office of the Trustee is the collection of real property, personalty, and public utility property taxes. These taxes represent approximately half of the annual revenue for the Metropolitan Nashville Government. The Office of the Trustee also administers the State of Tennessee Tax Relief Program, Tax Deferral Program, and Tax Freeze Program.

OBJECTIVES AND SCOPE

The objectives of this audit are to determine if:

- Controls are in place to ensure cash receipts are complete and accurate.
- Cash receipts are deposited within one business day and recorded in the Metropolitan Nashville financial system within two business days.
- Duties are segregated within the tax collection process.
- Recommendations from the July 2015 [Audit of the Metropolitan Office of Trustee Cash Collections Process](#) were implemented.

The scope of this audit included the operations of the Office of the Trustee between July 1, 2018, and June 30, 2020.

WHAT WE FOUND

The Office of the Trustee is effectively managing the property tax collection process. Cash receipts are deposited within one business day and generally recorded within two business days of deposit. However, two-person integrity should be consistently used and documented when counting cash receipts.

Policies and procedures are outdated and do not represent current practices for some critical business processes. Users within eGovernment Solutions had permissions exceeding their job responsibilities. Some employees could process voids and add or edit users unnecessarily. The Office of the Trustee also lacks segregation of duties between collecting cash receipts and adjusting property tax bills.

GOVERNANCE

The Office of the Trustee is a Constitutional office established as a tax collection agency for each county in the State of Tennessee. The Metropolitan Trustee is elected to a four-year term and is tasked with the collection of real property, personalty, and public utility taxes.

The operations of the Office of the Trustee were overseen by two Metropolitan Trustees during the audit period of July 1, 2018, to June 30, 2020. Charlie Cardwell was the Metropolitan Trustee from 1993 until his passing on May 13, 2019. The Metropolitan Nashville Council appointed Parker Toller as Metropolitan Trustee to serve the remainder of Mr. Cardwell's term. The current Metropolitan Trustee, Erica Gilmore, was elected on August 6, 2020, and sworn into office on August 26, 2020.

The State of Tennessee Comptroller of the Treasury Office of State Assessed Properties manages the Public Utility Taxes and State of Tennessee Tax Relief Program.

BACKGROUND

[Property Tax Overview](#)

The primary function of the Office of the Trustee is collecting property taxes, which represent the largest single source of revenue for the Metropolitan Nashville Government. Property taxes are ad valorem taxes, meaning that the amount paid by the taxpayer is dependent upon the value placed on the property being taxed. Three factors determine the amount paid by the taxpayer which include the appraised value of the property, the assessed value of the property, and the property tax rate. The appraised value is the fair market value of the property. The Assessor of Property determines the appraised value of real property in Davidson County, and the Tennessee Comptroller of Treasury determines value of public utility real property. The assessed value is computed by multiplying the appraised value by an assessment rate percentage. The assessment rate depends on the classification of the property and is set by the State Board of Equalization.

The tax rate is set each year during the budget process in the Mayor's recommended budget. The Metropolitan Nashville Council has the option of amending the Mayor's recommended tax rate with a differing tax rate in a substitute budget. Once a budget is approved, the tax rate is set by the Metropolitan Nashville Council in the form of a tax levy ordinance. The property tax rate is further broken down into mill rates within the tax levy ordinance so that tax collections are applied to specific funds. Property tax bills are calculated by the Office of the Trustee using the eGovernment Solutions property tax collections software. A property tax bill is computed by dividing the assessed property by 100 and then multiplying the result by the tax rate.

[Property Tax Collections](#)

The Assessor of Property places an appraisal on each residential and commercial property in Davidson County on a four-year cycle. Each September, the Office of the Trustee obtains the Certified Real Property Tax Roll file from the Assessor of Property through an intermediary in Metropolitan Nashville Information Technology Services. The Office of the Trustee follows a process while working with property tax collection software vendor, eGovernment Solutions, to compile the tax roll and upload appraisal and assessment information into the eGovernment Solutions property tax collection software.

Property tax bills are printed and mailed to property owners each year in October and must be paid by the last day in February. Davidson County property owners are given multiple avenues to pay including online by credit card or bank draft, over the phone with a credit card, through the mail to the Office of the Trustee or lockbox at First Horizon Bank, or in person at the Office of the Trustee or First Horizon

Bank. Property tax bills that remain unpaid after one year of delinquency are sent to the Chancery Court Clerk and Master for collection.

Exhibit A – Property Taxes Budget versus Actual

Fiscal Year	Budget	Actual
2020	\$ 1,065,480,700	\$ 1,088,030,766
2019	1,036,267,500	1,045,855,441
2018	1,021,267,500	1,002,584,197
2017	972,030,500	976,303,558
2016	938,830,600	948,010,325

Sources: Oracle E-Business Suite R12 / Metropolitan Nashville Recommended Budgets

OBJECTIVES AND CONCLUSIONS

1. *Are controls in place to ensure cash receipts are collected and accurate?*

Generally, yes. Assessment data was reconciled between the Office of the Trustee and Assessor of Property with no exception. A total of 94 property tax bills and 47 public utility tax bills mailed during the 2018 and 2019 tax years were recalculated for accuracy and found to be correct. The Office of the Trustee should ensure that policies and procedures related to critical office functions are updated and reviewed annually. (See Observation C.)

A review of 47 voids of transactions and 47 property tax adjustments processed during the audit period were found to have a documented valid business purpose. However, changes should be made to user access for eGovernment Solutions to ensure that only those authorized to perform voids and reversals of transactions can do so. (See Observation B.) A review of 47 tax relief credits for Davidson County taxpayers who applied for tax relief were found to be accurately processed by the Office of the Trustee staff. A methodology for reconciling State of Tennessee tax relief vouchers applied to taxpayer accounts and the reimbursement from the State of Tennessee for the vouchers should be developed. (See Observation D.)

2. *Are cash receipts collected by the Office of the Trustee deposited within one business day of collection and recorded in the Metropolitan Nashville financial system within two days of deposit?*

Generally, yes. A review of 47 deposits on randomly selected business days found that all selected cash receipt deposits were made within one business day of collection. Cash receipt deposits were generally recorded timely as 44 out of 47 (94 percent) were recorded in the Metropolitan Nashville financial system within two business days of collection. However, two-person integrity was not documented when reconciling daily cash collections on 5 out of the 47 (11 percent) reviewed days. (See Observation A.)

3. *Are duties segregated within the tax collection process?*

Generally, yes. The Office of the Trustee has mostly segregated critical functions such as billing from collections and the custody of cash, reconciliation of cash, depositing of cash, and the recording of cash. Areas of improvement include ensuring employees who collect cash cannot adjust property tax bills, ensuring that only administrator accounts can void and add or edit eGovernment Solutions users, and limiting voids and adjustments by eGovernment Solutions employees. (See Observation B.)

4. *Were recommendations from the July 2015 Audit of the Metropolitan Office of Trustee implemented?*

Generally, yes. Out of the 12 recommendations in the previous audit, 8 recommendations have been implemented, 3 recommendations have not been implemented, and 1 recommendation is no longer applicable. (See Observation D.)

AUDIT OBSERVATIONS

Internal control helps entities achieve important objectives to sustain and improve performance. The Committee of Sponsoring Organizations of the Treadway Commission (COSO), Internal Control – Integrated Framework, 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. See **Appendix B** for a description of the observation *Assessed Risk Rating*.

Observation A – Controls over Cash Collection and Recording

The Office of the Trustee has a two-person integrity system in place for the counting of cash receipts, but documentation of this control could be improved. The cashier and a member of the senior staff will reconcile the daily cash receipts collected on the cashier’s till in the presence of one another. Both employees will document this reconciliation by signing the closing report from eGovernment Solutions. It could not be determined whether the two-person integrity process was followed for 5 out of 47 (11 percent) instances because both the cashier and member of senior staff did not document their reconciliation. The two-person integrity control strengthens accountability and protects the employee from the risk of being falsely accused if cash receipts were to be found missing during deposit preparation.

Additionally, 3 out of 47 (6 percent) cash receipt deposits were not recorded within two business days of deposit. The three exceptions were for deposits that were recorded four days, six days, and nine days after being deposited in the bank. If deposits are not recorded timely, there is risk that the Metropolitan Nashville Government’s financials will not be accurately reflected in the financial system.

Criteria:

- COSO, Control Activities—Principle 10—The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.
- Metropolitan Nashville Government Finance Department Treasury #9 – Cash Deposits

Assessed Risk Rating:

High

Recommendations for management of the Office of the Trustee to:

1. Ensure two-person integrity is documented by both the cashier and senior staff member when reconciling daily cash receipts.
2. Ensure cash receipts are recorded within two business days of being deposited in the bank.

Observation B – Segregation of Duties within eGovernment Solutions

Segregation of duties was lacking related to property tax bill adjustments and the ability to process voids and add or edit user access within eGovernment Solutions. Cashiers within the Office of the Trustee can adjust property tax bills. Adjusting property tax bills should be considered a billing function and employees who collect cash should not have the ability to adjust property tax bills. A total of 467 out of 22,561 adjustments made to property tax bills during the audit period were made by employees in the

Receipting user group for eGovernment Solutions. This user group includes cashiers that accept payments at the front desk within the Office of the Trustee. The 467 adjustments were largely to adjust interest after a correction was completed for the Board of Equalization. When the cash collection and bill adjustment functions are not segregated the opportunity and risk for the misappropriation of cash receipts is increased.

Additionally, three adjustments and four voids were processed by eGovernment Solutions employees during the audit period. Best practices for segregating duties within information systems include development staff not having access to production data unless specifically authorized by the data owner to repair a limited number of records. Only two out of the seven instances had notes stating the void or adjustment was made due to a request from a staff member at the Office of the Trustee. The risk of production data getting modified without the knowledge of the data owner increases when development staff make adjustments and process voids.

The Lockbox and Receipting Alternate user groups can void transactions and add or edit eGovernment Solutions users. These two permissions should be limited to the Administrator user group in which Office of the Trustee management belong. Additionally, there were two instances where voids were processed by the "MTGTAPEPAYMENT" user within the Administrator user group. The MTGTAPEPAYMENT account is used to post escrow payments from mortgage companies to taxpayer accounts within eGovernment Solutions. Users that cannot be traced back to specific employee should not be in the Administrator user group and have permission to process voids or adjust property tax bills due to the risk that an improper void or adjustment would not be traced back to a specific individual.

Criteria:

- COSO, Control Activities—Principle 10—The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.
- Metropolitan Nashville Government Finance Department Treasury Policy #9 – Cash Deposits

Assessed Risk Rating:

High

Recommendations for management of the Office of the Trustee management to:

1. Adjust user access within eGovernment Solutions to ensure that employees accepting cash receipts cannot also adjust property tax bills.
2. Ensure that voids and adjustments completed by eGovernment Solutions employees are for limited instances where a request is made by Office of the Trustee management and the reason is documented.
3. Remove the permissions to process voids and add or edit users from the "Receipting Alternate" and "Lockbox" eGovernment Solutions user groups.

Observation C – Outdated Policies and Procedures

Many of the policies and procedures for the Office of the Trustee have not been updated since 2012 and 2013. The procedures for critical areas such as tax statement preparation and billing have not been updated since the tax collection software was changed to eGovernment Solutions in 2015. The documented procedures do not reflect the current processes for these functions. The Office of the Trustee should review and revise all policies and procedures for all critical office functions and ensure current practice is reflected in the procedures. Outdated policies and procedures ensure that critical office functions are carried out consistently and that business operations are not affected in times of employee turnover.

Criteria:

COSO, Control Activities—Principle 11—The organization deploys control activities through policies that establish what is expected and procedures that put policies into action.

Assessed Risk Rating:

Medium

Recommendation for management of the Office of the Trustee to:

Ensure policies and procedures are updated to reflect current practices and are reviewed and revised annually.

Observation D – Prior Audit Recommendations Status

Out of 12 accepted recommendations from the July 2015 Audit of the Metropolitan Office of Trustee Cash Collections Process, 8 recommendations were implemented, 3 recommendations were not implemented, and 1 recommendation was no longer applicable.

Not implemented

Recommendation B.2 was to ensure that only those who have been designated to make reversals are set up in the system to do so. The Office of the Trustee has authorized senior staff members in the “Admin” user group to process voids and reversals. This audit identified two user groups “Receipting Alternate” and “Lockbox” that have permissions to process voids. See Observation B above.

Recommendation E.1 was to create a procedure to remove IDs from the property tax collection software and provide assurance to management that the process is complete for each change in access. Moving forward, the Office of the Trustee will communicate with departments on a quarterly basis to ensure terminated employees do not have access to the eGovernment Solutions application.

Recommendation F.1 was to implement a procedure whereby payments billed to the State of Tennessee for tax relief payments are reconciled to amounts received. Payments are received each week to reimburse the Metropolitan Nashville Government for tax relief vouchers given to Davidson County residents. Each week these payments are received in eGovernment Solutions to produce a receipt and then the payment is recorded into the R12 financial system. There is not a methodology in place to ensure that these payments from the State of Tennessee are complete. A comparison between the State

of Tennessee tax relief vouchers applied in eGovernment Solutions to the payments received from the State of Tennessee for tax relief can be seen below.

Exhibit B – State of Tennessee Tax Relief Vouchers Compared to Payments Received

Fiscal Year	State of Tennessee Vouchers in eGovernment Solutions	State of Tennessee Payments Received	Over / Under
2019	\$1,256,181.24	\$1,193,171.78	\$(63,009.46)
2020	\$1,053,004.50	\$1,006,394.15	\$(46,610.35)

Sources: Oracle E-Business Suite R12; eGovernment Solutions

No Longer Applicable

Recommendation H.1 was to develop a succession plan to facilitate the smooth transfer of knowledge to future employees. This recommendation is no longer applicable due to the recent transition to a new Metropolitan Trustee and leadership team. However, the Office of the Trustee should continue to ensure policies and procedures are in place to help train new employees during times of employee turnover.

Criteria:

COSO, Control Activities—Principle 10—The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.

Assessed Risk Rating:

Medium

Recommendation for management of the Office of the Trustee to:

Complete the implementation of recommendations from July 2015 Audit of the Metropolitan Office of the Trustee Cash Collections audit.

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:

- Interviewed key personnel within the Office of the Trustee.
- Reviewed and analyzed documentation for compliance with the Tennessee Code Annotated, Metropolitan Nashville Code of Laws, and other applicable laws, regulations, and policies.
- Evaluated internal controls currently in place.
- Reviewed sample selections to determine the effectiveness of internal controls.
- Considered risk of fraud, waste, and abuse.

AUDIT TEAM

Seth Hatfield, CPA, CIA, CFE, In-Charge Auditor

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

APPENDIX A – MANAGEMENT RESPONSE AND CORRECTIVE ACTION PLAN

We believe that operational 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.

	Recommendation	Concurrence and Corrective Action Plan	Proposed Completion Date
<i>Risk</i>	<i>Recommendations for the management of the Office of the Trustee to:</i>		
H	A.1 – Ensure two-person integrity documented by both the cashier and senior staff member when reconciling daily cash receipts.	Accept – The office will increase efforts to document two-person review when reconciling daily cash collections.	January 31, 2021
H	A.2 – Ensure cash receipts are recorded within two business days of deposited in the bank.	Accept – The office will increase efforts to record funds within two business days.	January 31, 2021
H	B.1 – Adjust user access within eGovernment Solutions to ensure employees that accept cash cannot also adjust property tax bills.	Accept – The office reviewed the user access for all employees internally and with the software provider. We will remove permissions from any staff member that receipts and can void tax bills.	January 31, 2021
H	B.2 – Ensure that voids and adjustments completed by eGovernment Solutions employees are for limited instances where a request is made by an Office of the Trustee management and the reason is documented.	Accept – The office has reviewed the software provider’s voids and adjustments with the software provider. The software provider will post comments in the software noting who requested the change and their internal ticket number. The ticket number will have details of the request.	January 31, 2021
H	B.3 – Remove the permissions to process voids and add/edit users from the “Receipting Alternate” and “Lockbox” eGovernment Solutions user groups.	Accept – The office has reviewed the user access for all employees internally and with the software provider. We will remove permissions from any staff member that receipts and can void tax bills.	January 31, 2021
M	C.1 – Ensure policies and procedures are updated to reflect current practices and are reviewed and revised annually.	Accept – The office will review the policies and procedures on record and update those to reflect the current procedures.	October 31, 2021
M	D.1 - Complete the implementation of recommendations from July 2015 <u>Audit of the Metropolitan Office of the Trustee Cash Collections</u> audit.	Accept – The office has reviewed the July 2015 recommendations and will implement each one.	October 31, 2021

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	The 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			

METROPOLITAN NASHVILLE GOVERNMENT OFFICE OF INTERNAL AUDIT



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2021 AUDIT WORK PLAN

February 1, 2021, through January 31, 2022

Recommended to:
Metropolitan Nashville Audit Committee
February 9, 2021

Execute a Focused Audit Plan



METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

February 9, 2021

Metropolitan Nashville Audit Committee Members:

The Metropolitan Nashville Office of Internal Audit solicited requests for potential audit areas from Metropolitan Nashville management, council members, and internal audit staff in preparing this plan. The recommended plan attempts to address requested audits along with identifying the risks that matter and provide enterprise-wide audit coverage. Exhibit A below describes the allocation of 13,750 resource hours needed to complete 17 audit engagements and follow-up engagements and 3 investigation engagements during the 2021 internal audit plan year.

Exhibit A – 2021 Audit Work Plan Allocation of Work Hours

<i>Status</i>	<i>Number of Projects</i>	<i>Budget Work Hours</i>
2020 Audits Currently In-Progress	6	1,650
2020 Audits Carried Forward	4	2,300
New 2021 Performance Audits	11	6,600
Prior Audit Follow-Up(s)	4	800
<i>Total Audit Projects</i>		<i>11,350</i>
Metro Hotline Coordination		200
Investigation Requests	3	1,000
Non-audit advisory services		400
Unforeseen Audit Requests		800
<i>Total Report Deliverables</i>		<i>13,750</i>

I have reviewed the recommended audit work plan and believe the Office of Internal Audit staff, along with contracted specialists, possess the adequate professional competence to address potential audit engagement objectives. Also, I believe the Office of Internal Audit can maintain objectivity while performing the recommended audit engagements.

I am requesting members of the Metropolitan Nashville Audit Committee to review and approve the 2021 Audit Work Plan. The Office of Internal Audit goal will be to **complete 17 audit engagements and audit follow-up engagements during the 2021 plan year**. We have also anticipated approximately four investigation engagements during the year.

Sincerely,

Lauren Riley
Metropolitan Auditor

Attachment A – CY 2021 Audit Plan

*Co-source	CY 2020 Audits In Progress / Carry Forward	Hours
1	Emergency Communications Center	200
2	Juvenile Court Clerk	200
3	Metro Water Services Billing Process	200
4	Fund Assignments, Restrictions, and Commitments	300
5	MNPD Fiscal Management	600
6	Nashville General Hospital Follow-Ups: Pharmacy and Procure to Pay	150
7	Barnes Fund Operations and Follow-Up <i>(Carry Forward)</i>	800
8	Public Works Revenue Collections <i>(Carry Forward)</i>	600
9	Metropolitan Nashville Employee Benefit Board Pension Investments <i>(Carry Forward)</i>	800
10	Office of Internal Audit Peer Review <i>(Carry Forward)</i>	100
CY 2021 New Audit Areas		
11	Coronavirus Aid, Relief, and Economic Security (CARES) Spending Process	800
12	Metro Water Services Water and Sewer Collections	800
13	Metro Codes Complaints Process	600
14	Public Works Parking Management	600
15	Public Defender	600
16	Agricultural Extension Service	600
17	Hotel Occupancy Tax Audits – 2021	400
18	Nashville General Hospital Human Resources Process	800
19	Metro Nashville Public Schools Procurement	800
Information Technology Risk		
20*	Enterprise Assessment of Departmental Information Security	400
21*	Health Department – Information Technology Security Management and Governance	200
Audit Recommendation Follow-up		
22	Recommendation Implementation Follow-Up Audits	800
	Total Audit Services	11,350

Attachment A – CY 2021 Audit Plan

Other Potential Audit Engagements		
A	Metro Nashville Disaster Recovery Planning Process	800
B	General Services Building Maintenance	600
C	Metropolitan Council Staff	600
D	Open Records Request Fulfillment Process	600
E	Nashville General Hospital Billing	800
F	Social Services – Homeless Impact Division	600
G	Metro Water Services – Soil and Conservation	600
H	Sheriff Work Release and Inmate Trust	800
I	Sold Property Tax Receivables	600
	Total Other Potential Audit Engagements	6,000
Total Recommended 2021 Audit Services Effort		
	Audit Services	11,350
	Investigation Services	1,200
	Special Projects	400
	Unforeseen Requests	800
	Total	13,750

Attachment B – CY 2021 Risk Prioritization Objectives and Risks

Office of Internal Audit Mission

Independent Appraisal

1. **Integrity** - resources are used for the intended purpose
2. **Equality** - services are accessible to citizens
3. **Accountability** - internal control environment, track performance measures
4. **Effectiveness** - entities mission and objective is being achieved
5. **Efficiency** - prudent (cost effective) use of resources

Metro Service Delivery Objectives

Metric Used to Measure Inherent Risk Impact

1. Government services do not waste or abuse financial resources. (Integrity)

Risk: Revenue or cash collected is diverted for unintended use	(C) Total Fees & Collection
Risk: Payment for material or service is diverted for personal use	(D) Vendor Payments
Risk: Payroll is diverted for personal use	(F) % Payroll Not Regular Pay
Risk: Employee time is used for personal use	(E) Budget FTEs
Risk: Equipment, material, or information is diverted for personal use	(D) Vendor Payments

2. Government provides equal access to services. (Equality)

Risk: Some participants allowed to by-pass service eligibility requirements	(H) Number of Citizens Served
Risk: Favoritism in employment selection or promotion process	(J) HR Transactions
Risk: Procurement request for bids contain unnecessary qualifications, bundling of scope of work, or insurance requirements	(D) Vendor Payments

3a. Government services are managed. (Effectiveness)

Risk: Strategies not clearly defined, aligned, communicated or understood.	(I) Number of Programs
Risk: Process policies, procedures, and tasks have not been defined or obsolete.	(I) Number of Programs
Risk: People are not trained or held accountable for performance.	(E) Budget FTEs

3b. Government services are accomplished as citizens envisioned. (Effectiveness)

Risk: Services are not aligned with stakeholders expectations	(H) Number of Citizens Served
---	-------------------------------

4. Government services are cost-effective without reducing quality. (Efficiency)

Risk: Pay too much for material or services	(G) Expense Value
---	-------------------

5. Government services are subject to independent appraisal. (Accountability)

Risk: Independent audit appraisal has not been performed	(B) Last Audit Month
--	----------------------

Attachment B – CY 2021 Risk Prioritization Objectives and Risks

Mayor's Priority Objectives

a. Public Safety. (Strategy)	(A) Public Safety Impact Yes/No
b. Education (Strategy)	(A) Education Impact Yes/No
c. Affordable Housing (Strategy)	Not Considered In Assessment
d. Transportation (Strategy)	"
e. Neighborhoods (Strategy)	"
	"

Attachment B – CY 2021 Risk Prioritization Objectives and Risks

Risk Impact Metric	Source	High	Medium	Low
A. Mayor's Priority- Public Safety or Education Impact	OIA Assumption	Entire Population	Subset Population	No Impact
B. Last Audit Month	OIA Project Records	GT 4 Years ('16 or older)	3 to 4 Years ('17 or '18)	LT 2 Years ('19 '20)
C. Total Fees and Collection	OMB Budget to Actual Report (BAR) June 2020	GT \$6 Million	\$6 Million to \$1 Million	LT \$1 Million
D. Vendor Payments	OMB Budget to Actual Report (BAR) June 2020	GT \$6 Million	\$6 Million to \$1 Million	LT \$1 Million
E. Budget FTEs	FY 2020 Budget	GT 250	250 to 50	LT 50
F. Percent Payroll Not Regular Pay	OMB Budget to Actual Report (BAR) June 2020	GT 17%	17% to 7%	LT 7%
G. Expense Appropriation Value	OMB Budget to Actual Report (BAR) June 2020	GT \$15 Million	\$15 Million to \$2 Million	LT \$2 Million
H. Number of Citizens Served	OIA Assumption	Entire Population	Subset Population	Primarily Metro Internal Stakeholders
I. Number of Programs	FY 2020 Business Units with Budget Amounts Assigned to Entity	GT 15 Programs or unknown	Between 15 and 5 Programs	LT 5 Programs
J. HR Transaction	EBS/R12 HR Transactions for Promotions or New Hire – CY 2020	GT 50	50 to 11	LT 10

Note: Financial information for component units, fiduciary funds, funds held in trust, and other auditable entities were taken from the *Metropolitan Nashville Budget Versus Actual Report June 30, 2020, FY 2020 Comprehensive Annual Financial Report, or FY 2021 Budget Ordinance*.

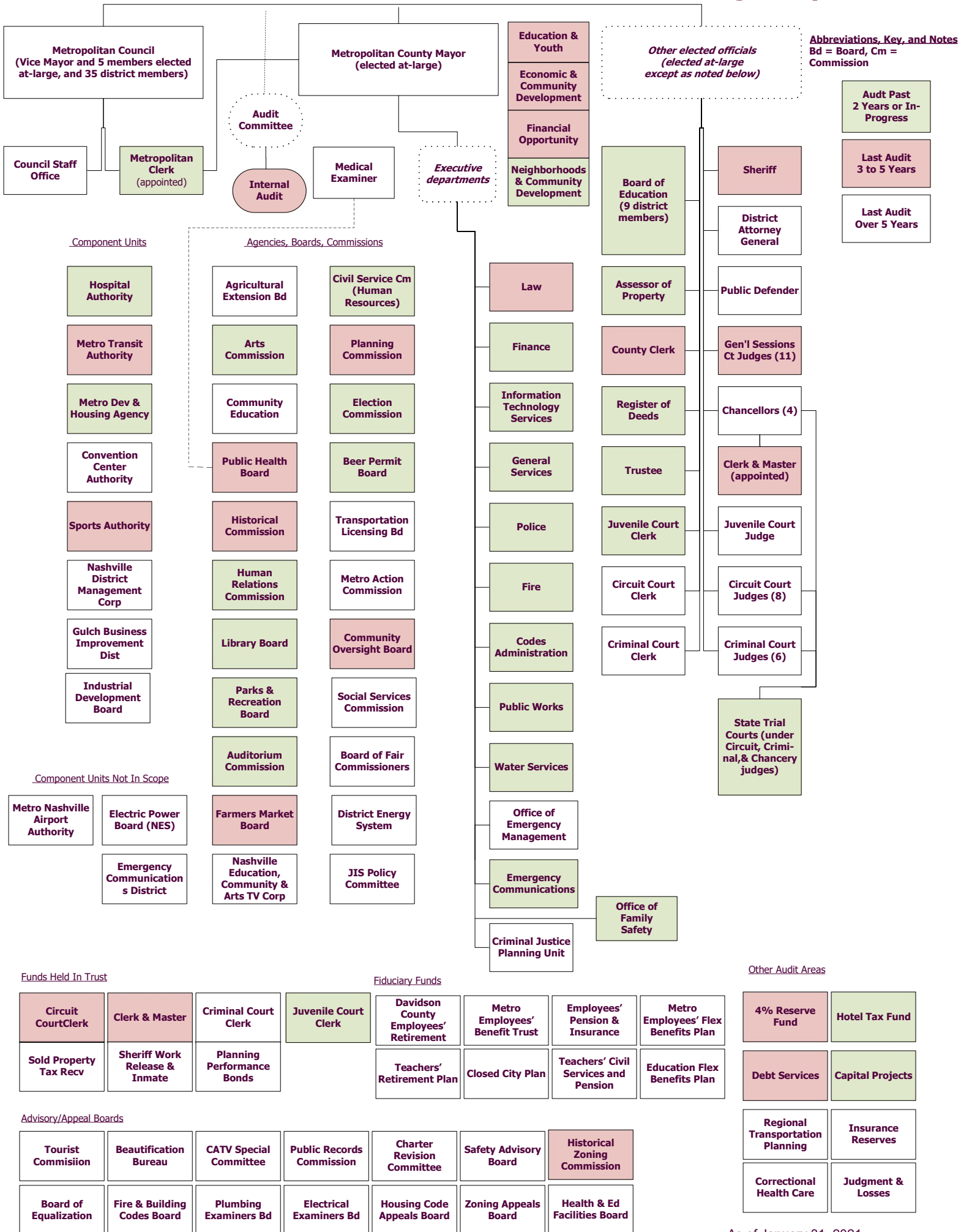
Attachment C - CY2021 Metrowide Inherent Risk Priorization Worksheet

Entity	Plan	Risk Score	Last Audit
31-Police	✓	2.73	7/8/2015
38-Health	✓	2.55	5/10/2017
42-Public Works	✓	2.46	12/8/2016
30-Sheriff		2.46	10/31/2017
32-Fire		2.46	11/19/2019
80-MNPS General Purpose Fund	✓	2.36	9/29/2020
91-Emergency Communication Center	✓	2.27	8/25/2011
40-Parks and Recreation		2.27	8/17/2020
65-Water & Sewer Services	✓	2.18	11/19/2018
39-Library		2.18	5/29/2020
26-Juvenile Court		2.09	3/31/2016
21-Public Defender	✓	2.00	7/15/2010
19-District Attorney		2.00	9/21/2011
18-County Clerk		2.00	3/24/2015
75-Metro Action Commission		2.00	7/6/2018
24-Criminal Court Clerk		1.91	12/20/2011
27-General Sessions Court		1.91	1/28/2019
68-District Energy System		1.82	4/24/2014
37-Social Services		1.82	8/20/2014
14-Information Tech Services	✓	1.82	4/2/2019
33-Codes Administration		1.82	1/6/2021
23-Circuit Court Clerk		1.73	10/9/2013
49-Office of Emergency Management		1.73	4/4/2014
28-State Trial Courts		1.73	2/20/2020
15-Finance	✓	1.73	9/3/2020
10-General Services		1.73	11/4/2020
02-Council Staff		1.64	10/19/2010
76-Nashville Career Advancement Center		1.64	11/27/2012
62-State Fair		1.64	11/23/2016
16-Assessor of Property		1.64	5/1/2017
06-Law		1.64	10/10/2017
07-Planning Commission		1.64	6/12/2019
04-Mayor's Office		1.55	4/4/2014
51-Office of Family Safety		1.55	4/3/2018
22-Juvenile Court Clerk	✓	1.46	8/9/2012
29-Justice Integration Services		1.46	10/22/2014
70-Community Education Commission		1.46	10/31/2014
60-Farmers Market		1.46	8/18/2016
41-Arts Commission		1.46	7/5/2019
05-Elections		1.46	9/4/2020
17-Trustee		1.46	1/12/2021
25-Clerk and Master of the Chancery Court		1.36	3/18/2016
34-Beer Board		1.36	12/23/2020
35-Agricultural Extension Serv	✓	1.27	6/15/2010
11-Historical Commission		1.27	1/26/2015
09-Register of Deeds		1.27	1/24/2019

Attachment C - CY2021 Metrowide Inherent Risk Priorization Worksheet

Entity	Plan	Risk Score	Last Audit
08-Human Resources		1.27	10/16/2019
61-Municipal Auditorium		1.27	10/25/2019
47-Criminal Justice Planning		1.18	5/8/2014
44-Human Relations Commission		1.09	12/6/2018
03-Metropolitan Clerk		1.09	10/18/2019
48-Office of Internal Audit	✓	1.00	11/30/2018
51-Community Oversight Board		0.91	11/6/2018
Fiduciary Funds			
FF-Teachers' Retirement Plan		1.46	1/1/2008
FF-Metro Employees' Benefit Trust	✓	1.46	7/29/2009
FF-Closed City Plan		1.27	1/1/2008
FF-Metro Employees' Flex Benefits		1.27	1/1/2008
FF-Teachers' Civil Services and Pension		1.27	1/1/2008
FF-Employees' Pension and Insurance		1.27	7/29/2009
FF-Davidson County Employees' Retirement		1.09	1/1/2008
FF-Education Flex Benefits		1.00	1/1/2008
Trust Funds			
TF-Sold Property Tax Recv		1.46	1/1/2008
TF-Circuit Court Clerk		1.46	9/3/2015
TF-Clerk and Master		1.46	3/18/2016
TF-Criminal Court Clerk		1.27	12/20/2011
TF-County Clerk		1.27	3/24/2015
TF-County Register (ROD)		1.27	4/17/2012
TF-Sheriff Work Release & Inmate Trust		1.09	6/12/2009
TF-Juvenile Court Clerk	✓	1.09	8/9/2012
TF-Planning Performance Bonds		1.09	2/14/2014
TF-Funds Held In Trust			
Component Units			
CU Metropolitan Transit Authority		1.91	5/31/2018
CU Metropolitan Nashville Hospital Authority	✓	1.91	12/20/2019
CU Emergency Communication District	✓	1.82	1/1/2008
CU Sports Authority		1.64	4/24/2017
CU Industrial Development Board		1.55	12/16/2013
CU Nashville District Management Corp		1.27	10/13/2011
CU Gulch Business Improvement District		1.27	10/13/2011
Component Units Partial In-Scope or Out-of-Scope			
CU Metropolitan Nashville Airport Authority		2.18	1/1/2008
CU Nashville Convention Center Authority		2.00	4/30/2013
CU Electric Power Board (NES)		1.82	1/1/2008
CU Metropolitan Development & Housing Agency		1.82	4/4/2018

Attachment D - Office of Internal Audit Coverage Map



**Internal Audit Reports Issued During the Period
FY 2007 through FY 2020
Key Departmental Audit Project History
As of January 31, 2021**

Department Name	Internal Audit Reports Issued FY 2007 - 2021
Metropolitan Nashville Public Schools	FY2021/Public Schools Capital Projects FY2019/Public Schools Financial Matters FY2019/Public Schools Purchasing Cards FY2017/Public Schools Performance Reporting Process FY2015/Metropolitan Nashville Public School System FY2013/Public Schools Custodial Outsourcing FY2012/Public Schools Payroll Process FY2011/Public Schools Food Service Program FY2010/Public Schools Information Security Management
Police Department	FY2016/Police Department Secondary Employment FY2015/Police Department Active Directory Services FY2014/Police Department Firearms and Equipment Tracking FY2011/Police Department Crime Statistical Reporting Process FY2009/Police Department Vehicle Impound
Fire Department	FY2020/Fire Marshal's Office FY2016/Fire Department Payroll Process FY2014/Fire Department Grant Administration FY2013/Fire Department Drug Inventory Management FY2008/Fire Department Emergency Medical Services
Public Works	FY2017/Public Works Traffic Signalization Project FY2015/Public Works Parking Management FY2013/Public Works Contract Monitoring FY2009/Public Works Traffic Operations FY2008/Public Works Solid Waste Management
Water Services	FY2019/Metro Water Services Fire Hydrant Inspection and Maintenance Process FY2019/Metro Water Services Process Control Systems Security FY2018/Metro Water Services Payroll FY2015/Metro Water Services Cash Collections FY2014/Metro Water Services Home Buyout Program FY2010/Metro Water and Sewer Billing and Collections FY2016/FY2015/FY2014/Metro Water Service Clean Water Nashville Overflow Abatement Program
General Services Department	FY2021/Downtown Detention Center FY2019/Office of Fleet Management Follow-Up FY2017/First Tennessee Ballpark Construction FY2016/Radio Services Communications Division FY2013/Fuel Management FY2010/Capital Projects Governance Process FY2009/Facility Security
Sheriff's Office	FY2018/Sheriff's Office Information Security Management FY2015/Sheriff's Office Firearms and Equipment Inventory FY2009/Sheriff's Office Revenue and Collections

**Internal Audit Reports Issued During the Period
FY 2007 through FY 2020
Key Departmental Audit Project History
As of January 31, 2021**

Public Health Department	FY2016/Public Health Immunization Program FY2013/Public Health Drug Inventory Management FY2009/Public Health Department Food Protection Services FY2007/Public Health Department Animal Control Facilities
Information Technology Services	FY2018/Information Technology Services Software Management FY2017/Information Technology Services Email Services FY2014/Information Technology Services Telecom Services FY2013/Information Technology Service Certificate Services FY2011/Information Technology Services Active Directory Services FY2009/Information Technology Services Security Management
Finance Department	FY2020/Treasury Department – Collections Office FY2020/Cooperative Purchases Best Practices FY2019/Finance Purchasing and Business Assistance Office FY2016/Finance OMB Revenue Forecasting FY2016/Finance General Reserve Funding Capital Asset Process FY2015/Unusual Financial Related Transactions FY2013/Finance Metro Investment Pool FY2011/Finance Accounts Payable Process

How to Audit Procedures Guide

9 AUDIT FOLLOW-UP

According to generally accepted government auditing standards, one purpose of the audit report is to facilitate follow-up to determine if corrective actions have taken place.

Standards such as the International Professional Practices Framework may be followed in these cases. IPPF Performance Standard 2500 – Monitoring Progress will be used to guide the monitoring system for follow-up of audit results.

9.1 Nature, Timing, and Extent of Audit Follow-up

The Metropolitan Auditor shall determine the nature, timing, and extent of the follow-up of open audit observations.

If management has effectively complied with recommendations prior to the release of the audit report, there might be no need for a follow-up; however, significant issues should be monitored to determine if management has implemented the action plan as stated in the Final Management Report.

Tracking of audit recommendations by risk rating will be done in applicable audit software or manually.

9.2 Follow-up Procedures

On a monthly basis, the Metropolitan Auditor will create a listing of all open recommendations with implementation dates due. Listing will be sent to the auditor in charge of the initial audit. The auditor will send an email to the department requesting an implementation status update.

For any recommendations reported as implemented, supporting documentation or elaboration on actions taken will be requested and reviewed before closing the recommendation. For recommendations outstanding, a reason for the delay and a revised implementation date must be provided.

The Metropolitan Auditor will keep track of open recommendations and recommendation risk levels. Barring a significant gap between implementation dates, the Office of Internal Audit will schedule a full follow-up audit within the subsequent six months of notification of closing of the last medium or high risk recommendation,. If a significant gap is expected before final closure of audit recommendations for circumstances such as budget requirements, the Office of Internal Audit may schedule a follow-up audit prior to all recommendations being closed. Additionally, a follow-up audit may be done in conjunction with another performance audit of the department for efficiency purposes.

The objectives of the follow-up audit will be limited to determining the level of achievement of significant recommendations based upon management's response to audit recommendations and a determination of the success of the recommendation to the original issue. A conclusion will state if the recommendation was implemented, was not implemented, or is no longer valid.

How to Audit Procedures Guide

If a follow-up audit determines a recommendation has not been implemented, the observation will remain open and management must provide a revised implementation date. The status and any progress towards implementation will be communicated in the follow-up report issued. Recommendations not implemented will be added back to the open recommendations tracker and will be followed up on until implemented.

For any follow-up audit resulting in recommendations not implemented, the Metropolitan Auditor will determine if a full follow-up audit will be necessary to ensure implementation. In some instances, the initial follow-up audit may observe partial implementation that results in confidence of full implementation confirmation through self reporting by the department.

9.3 Additional Reporting Requirement

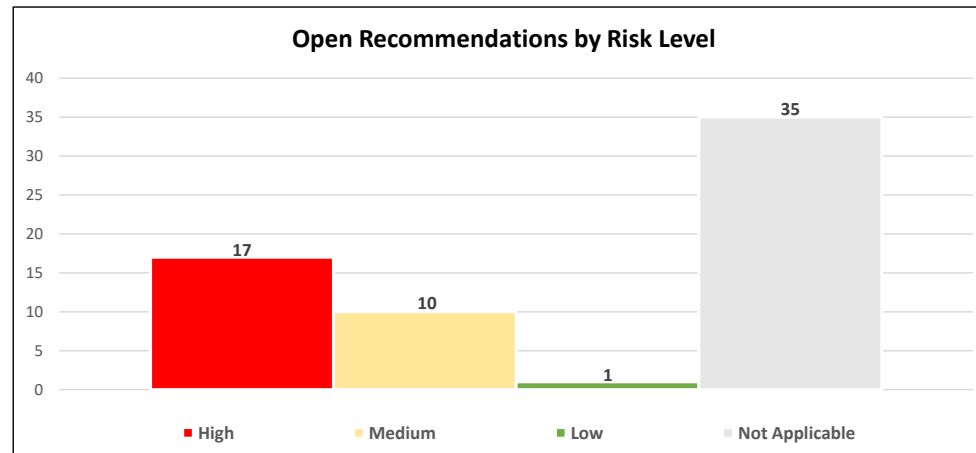
All follow-up audit reports will be presented to the Metropolitan Audit Committee and posted to the Metropolitan Nashville Office of Internal Audit's website.

The status of open recommendations will be reported to the Metropolitan Nashville Audit Committee at each regular meeting, with the exception of the December meeting held primarily for the External Auditor's presentation.

Audit Committee members will be presented with overall changes in recommendation implementation. Any requests for revised due dates will be presented in more detail to evaluate the risk of delaying implementation. Audit Committee members will also be notified of any departments that were not responsive to implementation status requests. All items may be discussed by the Audit Committee to determine if process owners should attend the next Audit Committee meeting to explain non-response or delayed implementation.

Implementation Status Update as of February 5, 2021

Audit Department List	Year	# Accepted	Open Recommendations Before Follow-Up	Implementation Due by 1/31/2021	Open Recs After Response	Notes
Industrial Development Board	2013	6	1		1	
Assessor's Office	2014	14	3		3	
Historic Zoning and Historical Commission Work Force	2015	7	1		1	
Parks and Recreation Maintenance Division	2015	2.5	1		1	
General Government Occupational Safety Program	2017	24	23		23	
DCSO Information Technology Security Practices (CONFIDENTIAL)	2017	45	2		2	
Finance Department Procurement And Business Assistance Office	2018	13	2		2	
ITS Software Asset Management	2018	4	1	X	1	Revised date
Metro Water Services Fire Hydrant Inspections	2018	10	2		2	
Development Conditions	2019	5	5	X	4	Revised dates
Metro General Government Benefits	2019	4	3	X	1	Revised date
Fire Marshal's Office	2019	10	3		3	
NGH Pharmacy Operations	2019	17	1		0	
Public Library Security	2020	4	1	X	1	Revised date
Metro Parks and Recreation Relationships with Nonprofits	2020	2	2		2	
Treasury Collections	2020	11	11		11	
Election Commission Operations	2020	3	2	X	0	
Election Commission Information Systems	2020	8	3	X	1	
MNPS Capital Projects Process	2020	4	2	X	1	
Criminal Justice Center Project	2020	5	1		1	
Trustee	2021	7	7	X	2	
			77		63	



Audit/Investigation Name	Responsible Entity	Observation	Response	Due Date	Risk	Latest Update	Revised Due Date
Software Asset Management Process	Information Technology Services	Reconsider the long-term benefits of a software asset management system to address both ITS internal and Metro-wide system tracking and compliance monitoring. Such a system can facilitate in-depth analysis of software license position by automating software data collection, evaluating software license entitlement, and highlighting opportunities to minimize risks and optimize costs.	Reconsider the long-term benefits of a software asset management system to address both ITS internal and Metro-wide system tracking and compliance monitoring. Such a system can facilitate in-depth analysis of software license position by automating software data collection, evaluating software license entitlement, and highlighting opportunities to minimize risks and optimize costs.	1/30/2021	N/A	To date we continue to track the software (licenses) purchased through our department using our own Software Licensing Tool. We have proposed an asset management system as a capital request but that project has not been approved/funded. The request will be made again during the upcoming FY22 budget process and we will continue to monitor and track software using our current tool.	1/31/2022
Development Conditions	Planning	Utilize the CityWorks and ePermits system to ensure the conditions and their explanations are available to inspectors on site during physical inspections.	We will ensure that conditions and their explanations are included on plans available to the Codes Department utilizing the Bluebeam plans review system as an integrated platform to communicate Specific Plan conditions. Additionally, we will provide a summary of these conditions to the inspectors utilizing the CityWorks and ePermits systems. The implementation of this recommendation will require additional staffing and other resources. A request for the additional resources will be made as part of our 2021 fiscal year budget submission and if approved will be implemented by 12/31/2020.	12/31/2020	Medium	In December 2020 funding was approved in council resolution RS2020-659 to make the required systems modifications needed to implement this recommendation. Planning is currently working with ITS to make these changes. Implementation will occur upon completion.	6/30/2021
Development Conditions	Planning	Include all parties responsible for enforcing conditions in the process of writing the conditions.	Accept – Parties responsible for enforcing conditions are currently included in the process of writing conditions, however we will utilize the Bluebeam plans review system and CityWorks as an integrated platform to enhance the interaction between the parties, to improve communications, and to ensure that all responsible parties are included in a meaningful and appropriate manner. The implementation of this recommendation will require additional staffing and other resources. A request for the additional resources will be made as part of our 2021 fiscal year budget submission and if approved will be implemented by 12/31/2020.	12/31/2020	Medium	Funding was approved in the FY21 operating budget to hire additional Planning staff to conduct inspections of design-based developments. Due to a hiring freeze the positions have not been filled however the department is working with Finance to determine the appropriate time to fill these positions. It is anticipated that the positions will be filled in the spring of 2021 making it possible to implement this recommendation.	4/30/2021
Development Conditions	Planning	Implement written policies and procedures that define enforcement responsibilities and reporting structures.	Accept – Working with the Codes Department and other stakeholders, we will develop written policies and procedures that define enforcement responsibilities and reporting structures for SP conditions by 12/31/19. The implementation of these policies and procedures will require additional staffing and other resources. A request for the additional resources will be made as part of our 2021 fiscal year budget submission and if funded will be implemented by 12/31/2020.	12/31/2020	High	Draft policies and procedures have been developed and are being refined in advance of program implementation. When staff is hired, and systems are modified are completed the policies can be fully implemented.	6/30/2021

Development Conditions	Public Works	Create a written policy that outlines the acceptable infrastructure spending amounts by Metropolitan Nashville Government departments to implement conditions within specific plans. Document required steps to take if expected spending exceeds the acceptable range.	Accept – The Public Works Department and Planning Department will work with other stakeholders to create a written policy, as described in the audit recommendation. The policy will address the principle that the developer will have the responsibility for infrastructure specified in the SP conditions. The policy will also address those rare situations where SP developments are approved with conditions but are not moving forward. If In these instances, there is a necessity for Metro to provide infrastructure for the health and safety of the public, the policy will address the process for seeking public funds.	12/31/2020	High	Final draft policies and have been developed and are being reviewed by Metro Legal.	3/30/2021
General Government Benefits	MNPS	Explore the possibility of having charter schools' human resources and payroll systems interface with Oracle R12 to ensure that accurate benefits and pension information is communicated to Metropolitan Nashville Human Resources Department	Accept	12/31/2020	High	The process owner for this recommendation left MNPS. New management is working to get up to speed on the recommendation and implementation.	6/30/2021
Library Building Security	Public Library	Develop and document criteria to prioritize storage of special collection and Metro Archives items in secured areas.	Accept - NPL will develop criteria for all high value or rare items to be secured in locked storage rooms that have limited access by staff or a safe in a secured storage room. All high value items will be properly inventoried annually or by-annually to ensure the safety of the items	12/31/2020	High	Valuable items listings have been requested from the various library areas. Once listings are received, implementation of the recommendation will occur.	3/31/2021

Metropolitan Nashville Office of Internal Audit
Audit Project Status
As of February 5, 2021

Audit Plan Year February 2021 to January 2022	Report Phase				
Projects	Planning	Fieldwork	Report	Draft	Final
1) Juvenile Court Clerk Cash Collections and Trust Management			✓	Jan-21	
2) Emergency Communication Center			✓	Jan-21	
3) Metro Water Services Water Billing			✓	Jan-21	
4) NGH Procurement Follow-Up			✓	Feb-21	
5) NGH Pharmacy Operations Follow-Up			✓	Feb-21	
6) Fund Restrictions, Commitments, and Assignment	✓				
7) MNPB Fiscal Management	✓				
Completed Investigations					Final
Metro Integrity Line Alerts - February 2020 to February 2021			Total	Closed	Pending
Metro Hotline Alerts (Fraud, Waste, & Abuse)			0	0	0

Note: Goal to complete 17 audit projects for Plan Year 2021. Currently 5 audit projects are in the draft report phase.

METROPOLITAN NASHVILLE OFFICE OF INTERNAL AUDIT



INTERNAL AUDIT PERFORMANCE REPORT
February 1, 2020, through January 31, 2021



Report to Metropolitan Nashville Audit Committee

February 9, 2021

Members of the Metropolitan Nashville Audit Committee
Metropolitan Government of Nashville and Davidson County
Metro Courthouse
Nashville, TN 37201

Members of the Metropolitan Nashville Audit Committee:

The Metropolitan Nashville Office of Internal Audit is pleased to present its performance report highlighting accomplishments and audit work completed between February 1, 2020, and January 31, 2021. During this period the Office finished 16 performance audits, 4 hotel tax audits, and 3 investigations.

Since the Office reconstituted as an independent agency in 2007, over 1,804 audit recommendations have been reported to improve the Metropolitan Nashville Government. This past year 98 percent of the 81 recommendations to improve government services were accepted by management with implementation plans. Also, the Office accommodated five requests for audit services from Metropolitan Nashville Government management and the Metropolitan Nashville Council.

The content of these reports are at www.nashville.gov/internal_audit. A summary of the audit projects completed starts on page 7. Please note the breadth of audit coverage accomplished over the past five years as shown on page 15. It is my hope that you find this report to be a valuable resource and you will contact us with any questions or concerns related to the Metropolitan Nashville Office of Internal Audit.

I appreciate the Metropolitan Nashville Audit Committee's strong, continued support of the internal audit function.

Sincerely,

Lauren Riley

Lauren Riley
Metropolitan Auditor

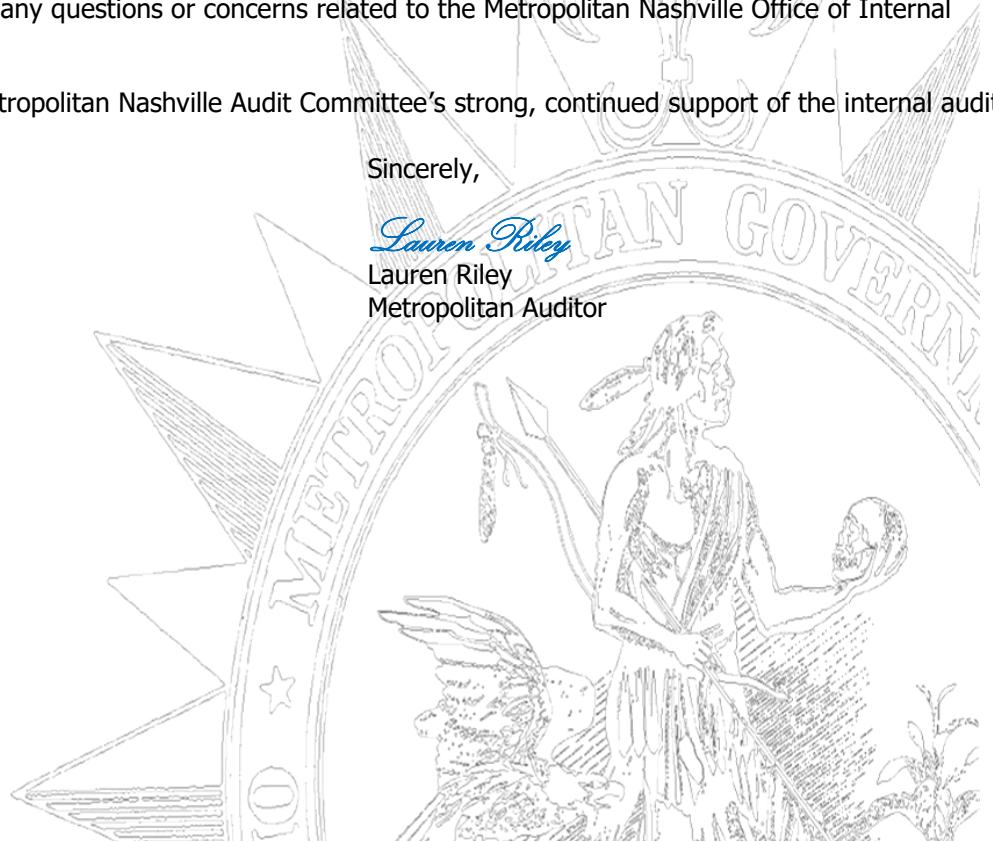




Table of Contents

OUR MISSION	3
OUR ACCOMPLISHMENTS	4
REPORTING STRUCTURE	4
METROPOLITAN NASHVILLE AUDIT COMMITTEE MEMBERS	5
METROPOLITAN NASHVILLE AUDIT COMMITTEE	5
INTERNAL AUDIT STAFF	6
PROFESSIONAL CREDENTIALS	6
SUMMARY OF PERFORMANCE AUDIT PROJECTS	7-11
ORGANIZATIONAL IMPAIRMENTS	12
RISK GUARDS	12
AUDIT RECOMMENDATIONS IMPLEMENTATION STATUS.....	13
PERFORMANCE MEASURES	14
METRO NASHVILLE RED FLAG FRAUD, WASTE, & ABUSE HOTLINE	14
OFFICE OF INTERNAL AUDIT COVERAGE MAP	15
CONTACT INFORMATION	16

Our Mission

The Office of Internal Audit is an independent appraisal agency established to ensure and enhance the integrity, equality, accountability, effectiveness, and efficiency of service activities and to pursue an atmosphere of honesty and mutual trust within the Metropolitan Nashville Government.



Our Accomplishments

- Conducted 16 audits where 81 recommendations were identified with a 98 percent acceptance rate.
- Implemented a recommendation follow-up process which resulted in open recommendations dropping from 158 to 64.
- Completed 3 requests for investigation of fraud, waste, and abuse matters.
- Accommodated 5 Metropolitan Nashville Council and management requests pertaining to:
 - Four Architectural and Engineering Vendor Audits
 - State Trial Courts - Drug Court (DC4)
 - Metro Water Services Billing
 - Hotel Occupancy Tax
 - Office of the Metropolitan Trustee

Reporting Structure





Metropolitan Nashville Audit Committee Members

Representing	2019 – 2021
Vice Mayor	Jim Shulman
Council Representative	Thom Druffel
Council Representative	Zulfat Suara
Director of Finance	Kevin Crumbo
Nashville Chapter of the Tennessee Society of CPAs	Charles Frasier
Nashville Area Chamber of Commerce	Brackney Reed

Metropolitan Nashville Audit Committee

The Office of Internal Audit reports directly to the Metropolitan Nashville Audit Committee. This reporting structure fully complies with independence standards required by the American Institute of Certified Public Accountants, the Institute of Internal Auditors, and United States Government Accountability Office.

The Office of Internal Audit strives to meet the Committee’s expectations for integrity, objectivity, and independence by applying professional auditing standards to all engagements. This office is committed to functioning professionally and efficiently in all business matters.

The Metropolitan Auditor meets with the Metropolitan Nashville Audit Committee at least quarterly to discuss audit reports released during the previous quarter. The Committee also approves the annual internal audit work plan and reviews the Metropolitan Nashville Government annual financial reports with the external auditors.

Meeting agendas and minutes are posted on the Metropolitan Nashville Audit Committee’s website at: <https://www.nashville.gov/Government/Boards-and-Committees/Committee-Information/ID/51/Metropolitan-Nashville-Audit-Committee.aspx>



Internal Audit Staff



Lauren Riley, CPA, CIA, ACDA, CMFO
Metropolitan Auditor
Mississippi State University,
BS-Accounting; University of Alabama,
MAcc



Bill Walker, CPA, CIA, CFE
Principal Auditor
Middle Tennessee State University,
BS-Public Administration



Seth Hatfield, CPA, CIA, CFE
Senior Auditor
Lipscomb University, BS-Accounting;
Middle Tennessee State University, MAcc



Innocent Dargbey, CPA, CMFO, CICA
Senior Auditor
Higher Institute of Economics, BS
Finance & MS Finance; University of
Oklahoma, MBA



James Carson, CIA, CFE
Senior Auditor
University of Tennessee, BS-Finance;
Louisiana Tech at Ruston, MBA



Mary Cole, CPA, CISA, CFE, CGFM
Senior Auditor
Western Kentucky University,
BS-Accounting and Masters Public
Accountancy



Nan Wen, CPA
Internal Auditor II
Hefei Economy & Technology Institute,
BS-Accounting; University of Sydney, MS-
Accounting; Saint Joseph's University, MS-
Computer Science



Laura Henry, CFE
Internal Auditor II
St. Ambrose University, BA-
Management; Roosevelt University,
MS-Accounting Forensics

Professional Credentials

- | | |
|---|--|
| CPA - Certified Public Accountant | CISA - Certified Information Systems Auditor |
| CIA - Certified Internal Auditor | CGFM - Certified Government Financial Manager |
| CFE - Certified Fraud Examiner | ACDA - ACL Certified Data Analyst |
| CMFO - Certified Municipal Finance Officer | CICA - Certified Internal Control Auditor |



Summary of Performance Audit Projects



Architectural and Engineering Vendor Audits (Gresham Smith, Collier Engineering, Brown & Caldwell, and Civic Engineering)

(02/19/2020)

Why Audited:

In 2018, an investigation of Collier Engineering Company, Inc. raised questions about the procurement and monitoring of architectural and engineering services. Metropolitan Nashville Council Member Tanaka Vercher requested vendor audits of specific architectural and engineering vendors be performed. The Metropolitan Nashville Audit Committee chose to perform vendor audits of the top four vendors.

What We Found:

The Office of Internal Audit utilized contractors to complete and issue four separate vendor audit reports. Each audit found similar observations of needs for additional procurement controls and document retention.

Nashville Public Library Building Security (05/29/2020)

Why Audited:

The audit was conducted due to the importance of ensuring the safety of library patrons and employees and the security of valuable library collections.

What We Found:

The Nashville Public Library has controls in place to ensure a safe work environment for employees and safety of patrons. There are policies and procedures in place to ensure library building security, valuable asset safety, and disaster responsiveness. However, badge access for terminated employees, volunteers, and library foundation staff was not removed timely. Additionally, there were no policies in place to give guidance on what should be considered as valuable items requiring safe storage in special collections or archives in the Nashville Public Library.



State Trial Courts - Drug Court (DC4) (02/20/2020)

Why Audited:

The audit was performed because incoming Criminal Court, Division IV, Judge Jennifer Smith, who is also the Presiding Judge of the Drug Court, requested this transition audit to review the finances and operations of the Drug Court.

What We Found:

Some case management files lacked required signatures. Additionally, wood shop revenues were deposited into the petty cash fund for internal use on items disallowed by the Metropolitan Nashville Procurement Code. Fuel purchases were not being monitored regularly, and money orders were not being deposited timely. Payroll and leave balances were manually maintained, which resulted in leave time and payroll payment errors.





Audit of the Metro Parks and Recreation Department's Relationships with Nonprofits (08/17/2020)

Why Audited:

The audit was conducted to determine the appropriateness of relationships between the Metro Parks and Recreation Department and affiliated partners or nonprofits and to ensure the relationships are beneficial to the Metro Parks and Recreation Department.

What We Found:

Opportunities to improve compliance with the Metropolitan Board of Parks and Recreation Policy exist. Requirements for nonprofits to provide specific documentation to the Metro Parks and Recreation Department was not consistently adhered to or monitored.

Audit of the Davidson County Election Commission Operations (09/04/2020)

Why Audited:

The audit was conducted due to the importance of ensuring the integrity and fairness of elections conducted in Davidson County.

What We Found:

The Davidson County Election Commission has controls in place to ensure elections are conducted according to applicable laws and regulations. Policies and procedures are in place to ensure sound financial operations. However, poll worker assignment could be improved to better comply with State of Tennessee election law. Additionally, sales tax exemptions should be applied more diligently and manual errors in recording employee leave time may be avoided with the use of technology.



Audit of the Department of Finance Treasury Collections Office (09/03/2020)

Why Audited:

The audit was conducted due to the high volume of transactions and large dollar amounts of taxes and fees collected by the Treasury Collections Office.

What We Found:

Due in part to a small staff, the audit found a lack of controls around timely deposits, segregation of duties, and logging of receipts to the correct accounts. Additionally, the use of a Microsoft Access database to record payments resulted in a lack of controls around changes to data. No processes were in place to identify full populations of payors or to track receipts to ensure complete collections.





Davidson County Election Commission Information Systems Audit (09/04/2020)

Why Audited:

The audit was conducted due to the importance of ensuring the integrity and fairness of elections conducted in Davidson County. KraftCPAs PLLC was retained to evaluate the design and effectiveness of the internal controls related to the Election Commission for the period March 1, 2019 through February 29, 2020.

What We Found:

The audit identified one high risk, six medium risk, and one low risk observations related to information systems. These included password configuration, documentation of training, and removal of access for terminated employees.

Audit of Metropolitan Nashville Public Schools Capital Projects Process (09/29/2020)

Why Audited:

The audit was conducted due to the high amount of funding that goes into Metropolitan Nashville Public Schools capital projects, and since the program has not been audited by the Metropolitan Nashville Office of Internal Audit.

What We Found:

While policies and procedures are in place to inspect and score schools to request funding for facilities, Metropolitan Nashville Public Schools does not utilize a project management system to organize and track capital projects. Metropolitan Nashville Public Schools could benefit by using a project management software to organize and maintain documentation.

Audit of the Davidson County Criminal Justice Center Construction Project (11/04/2020)

Why Audited:

The audit was conducted due to the important role capital projects play in the financial health of the Metropolitan Nashville Government and the significant funding required to complete the project.

What We Found:

The audit identified areas for improvement. The guaranteed maximum price was not established until late in the life cycle of the project. The final contract did not require the prime contractor to disclose related parties. General conditions costs could be more detailed in contractual agreements to ensure lowest possible cost. Lastly, background check documentation requirements for contractor personnel were not consistent between contractual agreements and internal policy. Inconsistency in requirements led to noncompliance with contractual terms.





**Audit Recommendations Follow-up –
Audit of the Metropolitan Nashville Fire
Marshal’s Office
(12/18/2020)**

Why Audited:
This follow-up audit was done to evaluate management’s implementation of previous audit recommendations as of December 18, 2020.

What We Found:
Of the initial ten recommendations made, the Fire Marshal’s Office has implemented seven recommendations and partially implemented three recommendations. The three partially implemented recommendations are open because of the additional work required for the implementations to cause or significantly influence the intended benefits. The three open recommendations are on track to be implemented by March 2021.

**Audit of the Department of Codes and
Building Safety Fuel Transactions
(01/06/2021)**

Why Audited:
The audit was initiated due to the volume of fuel transactions within the Department of Codes and Building Safety.

What We Found:
All fuel transactions appeared to be for valid business purposes and monitoring procedures were in place. There were opportunities for improvement regarding segregation of duties and the documentation and retention of monitoring procedures.

708 Second Avenue South, Suite 151
P.O. Box 19633
Nashville, Tennessee 37218-0333
615-862-6254

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P.O. Box 19633
Nashville, Tennessee 37218-0333
615-862-6254

THIS LICENSE IS VALID FOR 2 MONTHS FOLLOWING THE EXPIRATION DATE.
Consult Metro Codes to verify this location is properly used.

MUST DISPLAY IN A CONSPICUOUS PLACE
Consult Metro Codes to verify this location is properly used.

BUSINESS NUMBER	3942	CITY	COUNTY
FACILITY NUMBER			
CLASSIFICATION	3		

TOTAL GROSS SALES			
LESS DEDUCTIONS			
BUSINESS TAX DUE			
(LESS CREDITS)			
MINIMUM TAX			
PENALTY			
DEFERRED TAX			
NEW LICENSE FEE			
TOTAL TAX DUE			

PAYMENT DUE BY 05/30/1994
THIS LICENSE EXPIRES 06/30/1994
ISSUE DATE

Brenda Wynn
BRENDA WYNN, COUNTY CLERK
SEWER
METRO CLERK

STANDARD BUSINESS TAX LICENSE

TOTAL DUE	
CHANGE	

USER	
STATION	
THEMSE	0
STAR	0
WORK DATE	06/20/16

**Audit of the Metropolitan Nashville Beer
Permit Board
(12/23/2020)**

Why Audited:
The audit of the Beer Permit Board was conducted as part of the approved 2020 Audit Work Plan. The audit was initiated based on the number of years since the last audit.

What We Found:
Revenue reported in the Oracle R-12 system was lower than amounts collected per City-Works for the fiscal years analyzed. Reconciliations were not being consistently performed. Written policies and procedures related to refunds or deleted transactions do not exist. Periodic review of exception reports for refunds or deleted transactions are not being conducted. Summary of leave time taken by staff did not agree with payroll records. Staff administrative access to information system applications was not monitored.





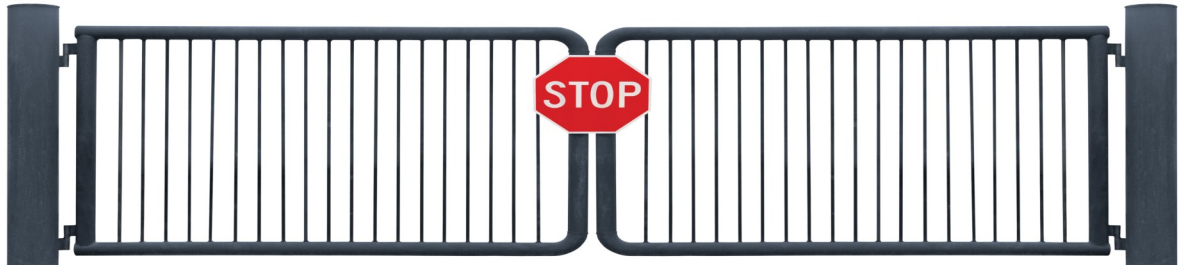
**Audit of the Office of the
Metropolitan Trustee
(01/12/2021)**

Why Audited:

Metropolitan Trustee, Erica Gilmore, requested this transition audit to review the finances and operations of the Office of the Trustee.

What We Found:

Two-person integrity should be consistently used and documented when counting cash receipts. Policies and procedures are outdated and do not represent current practices for some critical business processes. Users within eGovernment Solutions had permissions exceeding their job responsibilities. Some employees could process voids and add or edit users unnecessarily. The Office of the Trustee also lacks segregation of duties between collecting cash receipts and adjusting property tax bills.



Organizational Impairments

There were no unwarranted restrictions on the staffing of the internal audit activity or on access by internal auditors to organization activities, records, property, and personnel during this period.

Risk Safeguards

The Metropolitan Nashville Audit Committee, along with the Office of Internal Audit and Metropolitan Nashville Government's external auditor, Crosslin, PLLC is constantly scanning the horizon for dangerous situations, such as breakdowns in management internal controls that may lead to financial misstatement, fraud, waste, or abuse of government resources.

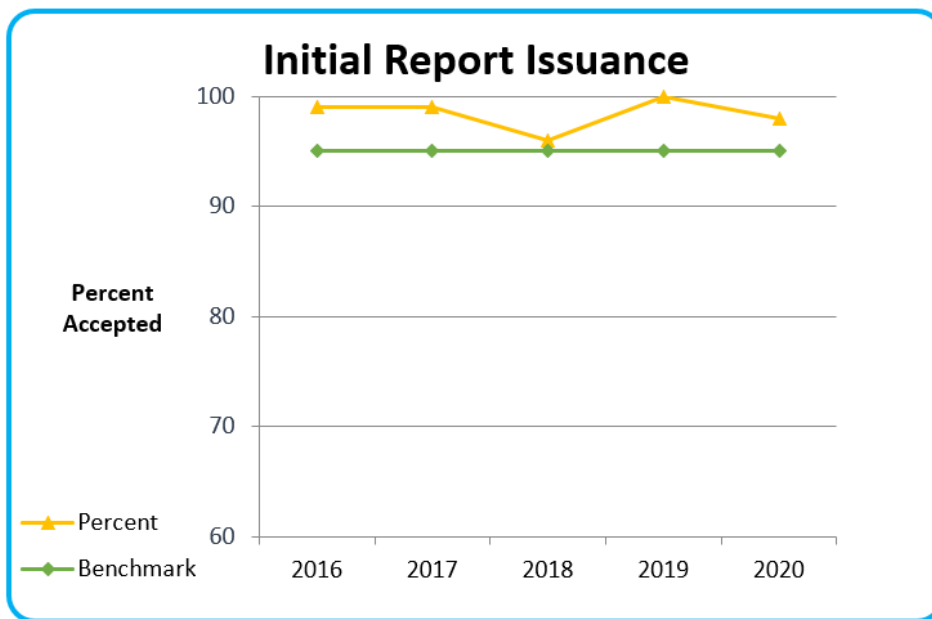
Other groups helping identify emerging risks include:

- State of Tennessee Comptroller's Audit Divisions.
- Office of Financial Accountability within the Metropolitan Nashville Finance Department.
- Metropolitan Nashville Public Schools Internal Audit.
- State of Tennessee and United States Government grant compliance reviewers.
- Contract audit service from KraftCPAs, BerryDunn, and other professional service firms.

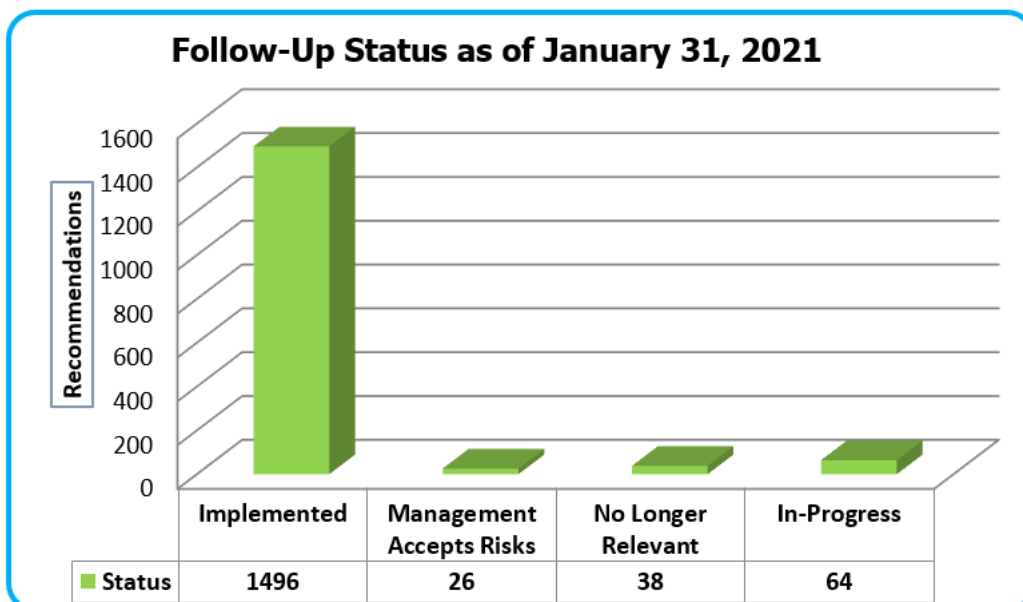


Audit Recommendations Implementation Status

The Office of Internal Audit has issued over 200 audit reports since being reorganized as an independent audit organization in March 2007. Internal audits in the 2020 reporting period identified 81 recommendations for improvement, with 79 (98 percent) of the recommendations being accepted when the report was issued. The Association of Local Government Auditors benchmark is a 95 percent acceptance rate.



As of January 31, 2021, departments were asked to provide implementation status for accepted audit report recommendations. Out of the 1,624 accepted recommendations, 1,496 (92 percent) were implemented and 64 recommendations were in-progress pending corrective action tasks. In-progress recommendations open in excess of one year totaled 43. Common delays were attributed to the necessity for budget funding, implementation of computer applications, or follow-up response delayed due to other pressing management priorities.





Performance Measures	2020 Goal	-----Actuals for Plan Year-----		
		2020	2019	2018
Percentage of Direct Time to Available Time (Excludes Metropolitan Auditor and Management Time)	85%	81%	84%	83%
Percentage of Recommendations Accepted	90%	98%	100%	96%
Number of Audit Projects Completed	17	16	14	17
Percentage of Recommendations Implemented within 1 Year of Report Issuance	85%	73%	63%	36%

Metro Nashville Red Flag Fraud, Waste, and Abuse Hotline

Call 877-270-8334

or

<https://www.redflagreporting.com/nashville>

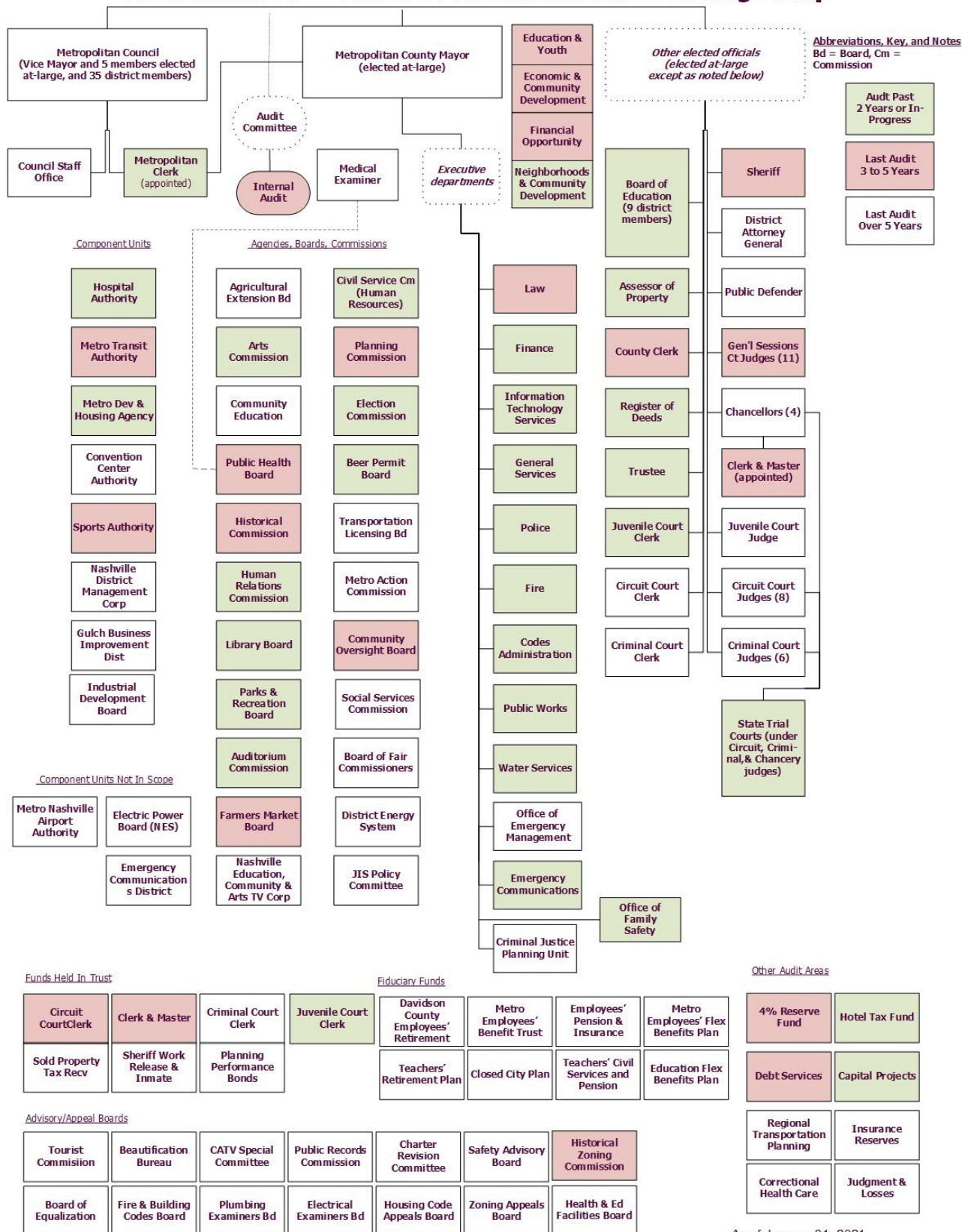


Metro Nashville Hotline Statistics

From February 1, 2020, through January 31, 2021, the Office of Internal Audit received 3 calls on the Metro Nashville Waste and Abuse Hotline that required further attention.



Attachment D - Office of Internal Audit Coverage Map



As of January 31, 2021

Metropolitan Nashville & Davidson County



TRANSPARENCY

The Office of Internal Audit reports directly to the Metropolitan Nashville Audit Committee throughout the year. All final reports are available on the Office of Internal Audit's website.

WEBSITE

Visit us online: www.nashville.gov/internal_audit

ADDRESS

Metropolitan Nashville Office of Internal Audit
PO Box 196300
Nashville, TN 37219-6300

PHONE

(615) 862-6111

Pictures included in the report are copyrighted and can only be used for official government purposes. Pictures were obtained from:

- Metro Nashville Photographer
- Canstockphoto.com

NOTE

This is a performance report of the Office of Internal Audit's achievements and accomplishments and should not be considered an audit report. Generally accepted government auditing standards were not used in the preparation of this report.

**Office of Internal Audit Budget versus Actual
GSD General Fund as of February 4, 2021
FY 2021 Approved Budget**

		FY 2021 Budget	Actual	Difference	Notes
Total Salaries & Fringe		\$ 1,194,500	\$ 426,488	\$ 768,012	
Other Expenses					
Professional & Purchased Services		\$ 195,800	\$ 7,242	188,558	
Building Rent Parkway Towers		\$ 55,500	\$ 37,368	18,132	
Other Expenses		\$ 78,000	\$ 26,409	51,591	
Internal Service Fees		\$ 43,500	\$ 28,992	14,508	Information Technology
TOTAL EXPENSES		\$ 1,567,300	526,500	\$ 1,040,800	34% of budget used to date

Office of Internal Audit Budget History				
For the year ending June 30,	Co-sourcing Audit Budget	Total Budget	Co-sourcing Percent of Budget	FTE
2008	\$ 500,000	\$ 1,477,000	34%	10
2009	231,000	1,481,600	16%	13
2010	112,000	1,262,000	9%	12
2011	234,000	1,359,800	17%	11
2012	165,000	1,265,400	13%	10
2013	156,200	1,277,900	12%	10
2014	60,200	1,179,300	5%	10
2015	45,100	1,214,900	4%	10
2016	75,100	1,290,400	6%	10
2017	125,100	1,382,900	9%	10
2018	248,000	1,545,700	16%	10
2019	248,000	1,566,100	16%	10
2020	248,000	1,574,900	16%	10
2021	195,800	1,565,100	13%	10

Metropolitan Nashville Office of Internal Audit

Executive Team

Lauren Riley

MAcc, CPA, CIA, ACDA, CMFO
Metropolitan Auditor

Project and Office Management Leadership

(Vacant Position)

Principal Auditor

William (Bill) Walker

CPA, CIA, CFE

Principal Auditor

Project Quality, Milestone/Project Budget Monitoring, Hotline Support,
Training Plans, GAGAS Compliance, Office Support, etc.

Audit Talent Pool

Seth Hatfield

MAcc, CPA, CIA, CFE
Senior Auditor

James Carson

MBA, CIA, CFE
Senior Auditor

Mary Cole

MAcc, CPA, CFE, CISA,
CGFM
Senior Auditor

Innocent Dargbey

MS-Finance, MBA,
CPA, CMFO
Senior Auditor

Laura Henry

MAcc, CFE
Auditor II

Nan Wen

MS-Info Sys, MS-
Acctg, CPA
Auditor II

(Vacant Position)

Auditor I

**Metro Nashville Red Flag
Fraud, Waste, and Abuse Hotline**

Call 877-270-8334

or

<https://www.redflagreporting.com/nashville>



Audit Committee

Metropolitan Code of Laws Section 2.24.300
Term-varied
6 Members

		<u>Date of Appt.</u>	<u>Term Exp.</u>
Mr. Kevin Crumbo	Ex Officio	10/15/2019	
One Public Square, Suite 106 Nashville, TN 37201- (615) 862-6151 kevin.crumbo@nashville.gov Representing: Director of Finance			
Mr. Thom Druffel		10/15/2019	8/31/2021
One Public Square, Suite 204 Nashville, TN 37219- (615) 432-1323 thom.druffel@nashville.gov Representing: Metropolitan Council			
Mr. Charles C. Frasier	Vice-Chair	3/21/2017	3/20/2021
One University Park Drive Nashville, TN 37204- (615) 966-5738 charles.frasier@lipscomb.edu Representing: Nashville Chapter of the TSCPA			
Mr. Brack Reed	Chair	2/20/2015	3/20/2023
222 Second Avenue South #1400 Nashville, TN 37201- (615) 770-8100 brack_reed@gspnet.com Representing: Nashville Area Chamber of Commerce			
Vice Mayor Jim Shulman	Ex Officio	9/6/2018	8/31/2023
One Public Square, Suite 204 Nashville, TN 37201- (615) 880-3357 jim.shulman@nashville.gov Representing: Vice Mayor of Metropolitan Government of Nashville			
Ms. Zulfat Suara		10/15/2019	8/31/2021
One Public Square, Ste. 204 Nashville, TN 37219-6300 (615) 585-2558 zulfat.suara@nashville.gov Representing: Metropolitan Council			

**METROPOLITAN NASHVILLE AUDIT COMMITTEE
2021 MEETING PLAN**

Meeting Date	Proposed Agenda Topics
February 9, 2021 (Tuesday)	<ul style="list-style-type: none"> • Office of Internal Audit Annual Performance Report • Internal Audit Annual Work Plan approval • Internal Audit issued report discussion • Open Audit Recommendations Status
April 13, 2021 (Tuesday)	<ul style="list-style-type: none"> • Election of Chairman and Vice Chairman • External Audit Single Audit and Management Letter presentation • Metropolitan Auditor performance review • Internal Audit issued report discussion • Open Audit Recommendations Status
June 22, 2021 (Tuesday)	<ul style="list-style-type: none"> • FY2020 External Audit plan and required communications • Internal Audit issued report discussion • Open Audit Recommendations Status
September 14, 2021 (Tuesday)	<ul style="list-style-type: none"> • Metropolitan Audit Committee self-assessment • Bylaws annual review • Internal Audit issued report discussion • Open Audit Recommendations Status • External Audit Comprehensive Annual Financial Report Audit Progress Executive Session
November 23, 2021 (Tuesday)	<ul style="list-style-type: none"> • Internal Audit issued report discussion • Open Audit Recommendations Status • External Audit Comprehensive Annual Financial Report Audit Progress Executive Session
December 14, 2021 (Tuesday)	<ul style="list-style-type: none"> • External Audit Comprehensive Annual Financial Report • Open Audit Recommendations Status • Internal Audit issued report discussion

Metropolitan Nashville Audit Committee

Executive Session Checklist

- The published agenda must disclose the general nature of the items to be discussed in executive session.
See, T.C.A. §9-3-405(f)
- All business which is public in nature shall be conducted first.
See, T.C.A. §9-3-405(g)(1)
- During the regular public session committee must vote to go into private executive session. Must obtain a majority to be successful.
See, T.C.A. §9-3-405(d)
- Chair must announce during the public portion of the meeting that no business other than the matters stated generally on the published agenda shall be considered during the confidential executive session.
See, T.C.A. §9-3-405(e)
- Adjourn the public portion of the meeting.
See, T.C.A. §9-3-405(g)(2)
- Only individuals whose presence is reasonably necessary in order for the committee to carry out its executive session responsibilities may attend the portion of the executive session relevant to that person's presence.
See, T.C.A. §9-3-405(h)

Permissible Executive Session Subject Matter

1. Items deemed not subject to public inspection under §§ 10-7-503 and 10-7-54, and all other matters designated as confidential or privileged under this code
2. Current or pending litigation and pending legal controversies
3. Pending or ongoing audits or audit related investigations
4. Information protected by federal law
5. Matters involving information under § 9-3-406 where the informant has requested anonymity
See, T.C.A. § 9-3-405(d)