

***METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON
COUNTY***



METROPOLITAN AUDIT COMMITTEE

WORKBOOK

September 25, 2012

**METROPOLITAN NASHVILLE
METROPOLITAN AUDIT COMMITTEE MEETING AGENDA
September 25, 2012 4:00 p.m.**

**Committee Room 4
205 Metropolitan Courthouse**

- I. Call Meeting to Order
 - Introduction of new Department of Law attorneys, Theresa Costonis and Rachelle Gallimore-Scruggs, assigned to support the Metropolitan Nashville Audit Committee
- II. Approval of Minutes for the July 10, 2012, Meeting, (Bob Brannon – Committee Chairman)
- III. New Business
 - Discussion on Juvenile Court Clerk’s Office audit report issued August 9, 2012 (Mark Swann – Metropolitan Auditor)
 - Discussion on Metropolitan Transit Authority Procure-to-Pay Process audit report issued August 10, 2012 (Mark Swann – Metropolitan Auditor)
 - Discussion on Metro Public Health Department Drug Inventory Management audit report issued August 10, 2012 (Mark Swann – Metropolitan Auditor)
 - Discussion on Music City Convention Center Construction Project interim audit report issued August 14, 2012 (Mark Swann – Metropolitan Auditor)
 - Discussion on Metropolitan Nashville Public Schools Custodial Outsourcing audit report issued August 15, 2012 (Mark Swann – Metropolitan Auditor)
 - Discussion on Councilmembers request dated September 4, 2012, for audit of Davidson County Election Commission Use of Electronic Polling Books (Mark Swann – Metropolitan Auditor)
 - Discussion on Hotel Occupancy Tax Audit Approach (Mark Swann – Metropolitan Auditor)
 - Discussion on Annual Metro-Wide Audit Risk Priority Assessment (Mark Swann – Metropolitan Auditor)
 - Annual confirmation of responsibilities outlined in the Metropolitan Audit Committee Bylaws. (Bob Brannon – Committee Chairman)
 - Annual assessment of Metropolitan Auditor’s performance (Bob Brannon – Committee Chairman)
 - Bylaws annual review (Bob Brannon – Committee Chairman)
- IV. Old Business
 - Audit of Nashville Electric Services by State Comptroller’s County Audit Division (Mark Swann – Metropolitan Auditor)
 - Follow-up on external auditor presentation FY 2011 Management Letter and Single Audit (Bob Brannon – Committee Chairman)
- V. Metro Hotline Status and Investigation Reports (Carlos Holt – Internal Audit Manager)

**METROPOLITAN NASHVILLE
METROPOLITAN AUDIT COMMITTEE MEETING AGENDA
September 25, 2012 4:00 p.m.**

VI. Internal Audit Project Status (Mark Swann – Metropolitan Auditor)

VII. Other Administrative Matters (Mark Swann – Metropolitan Auditor)

- FY 2013 Budget
- Staffing

VIII. Consideration of Items for Future Meetings (Bob Brannon - Committee Chairman)

IX. Adjournment of public meeting – Next meeting Tuesday, December 11, 2012.



To request an accommodation please contact Mark Swann at (615)862-6158.

**METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
METROPOLITAN AUDIT COMMITTEE MEETING**

July 10, 2012

DRAFT MINUTES

On Tuesday, July 10, 2012, at 4:00 p.m., the Metropolitan Nashville Audit Committee met in the Metropolitan Courthouse, 2nd Floor, Committee Room 4. The following people attended the meeting:

Committee Members

Bob Brannon, Chairman
Brack Reed, Vice Chairman
Richard Riebeling, Director of Finance
Jacobia Dowell, Metro Council

Others

Mark Swann, Metropolitan Auditor
Carlos Holt, Internal Audit Manager
Jack Henry, Internal Auditor
Margaret Darby, Assistant Metropolitan Attorney
Phil Carr, Finance Manager
J. Dell Crosslin, Crosslin & Associates, P.C.
Rich Lockwood, Crosslin & Associates, P.C.
Dan Miller, Crosslin & Associates, P.C.

Committee Members Absent

Diane Neighbors, Vice Mayor
Steve Glover, Metro Council

Quorum present? Yes

Call Meeting to Order

Bob Brannon, Committee Chairman, called the meeting to order.

Approval of Minutes

The minutes of the meeting on February 14, 2012, were approved.

New Business

External Auditor Presentation of FY 2011 Management Letter (Crosslin & Associates) Rich Lockwood, Audit Principal, Crosslin & Associates, P.C., presented the FY 2011 *Letter of Recommendation to Management* (Management Letter).

A copy of the FY 2011 Management Letter, which had been prepared by Crosslin & Associates, P.C., was provided to all members of the Committee. Mr. Lockwood provided a briefing of the letter.

External Auditor Presentation of FY 2011 Single Audit (Crosslin & Associates) Dan Miller, Audit Principal, Crosslin & Associates, P.C., presented an overview of the results of the FY 2011 Single Audit.

A copy of the FY 2011 Single Audit, which had been prepared by Crosslin & Associates, P.C., was provided to all members of the Committee. Mr. Miller provided a presentation of the audit.

External Auditor Presentation of Audit Plan for FY 2012 Financial Statements (Crosslin & Associates) Rich Lockwood, Audit Principal, Crosslin & Associates, P.C., presented the *Audit Plan for FY 2012 Financial Statements*.

A copy of the *Audit Plan for FY 2012 Financial Statements*, which had been prepared by Crosslin & Associates, P.C., was provided to all members of the Committee. Mr. Lockwood provided a briefing of the plan.

Discussion on MNPS Payroll audit report issued March 27, 2012 (Mark Swann – Metropolitan Auditor)

The Office of Internal Audit completed an audit of the Metro Nashville Public Schools (MNPS) payroll which covered fiscal years 2010 and 2011. Payroll is a significant portion of the budget for the schools, and fringes and payroll were over \$500 million in fiscal years 2010 and 2011. Payroll included over 16,000 total part-time and full-time employees in this period. One thing that makes payroll more complicated for these schools is that there are over 162 different pay types for the school payroll.

One of the areas that the Office of Internal Audit did have an observation is where a sample of principals and directors had payroll approval authority and time entry privileges inside the EnterpriseOne (EBS) time entry system. This was a segregation of duties issue.

Other observations related to leave accounting where sick leave usage transactions had been reversed with no matching unpaid absence or other matching transactions in 16 of 46 instances reviewed. Testing of 46 sample instances of 854 reversal transactions indicated that in 34.8% of the instances the reversals were made without apparent and/or well documented justification. The report included a recommendation for the management of MNPS to implement a policy that timekeepers may not enter negative hours for sick leave and that all such needs should be entered only by the MNPS Business Office after first documenting the need.

Also, an observation was included where internal controls related to approval for overtime pay were not working effectively to prevent premium pay without supporting documentation. Out of a sample of 53 instances of overtime pay, four payment instances (7.6%) were found to have been made without adequate support and were not detected by existing controls. Two of the four instances showed overlapping overtime pay for the same individual related to a federal grant.

In other areas internal controls were not working effectively to prevent overpayments to employees who separated. This was evidenced by 71 overpayments in the amount of \$86,535 made since July 1, 2009, to employees who were already separated or who subsequently left employment.

There were no questions by the Committee.

Discussion on Davidson County Register of Deeds audit report issued April 17, 2012 (Mark Swann – Metropolitan Auditor)

The Register of Deeds office currently does their own accrual accounting function using QuickBooks and is probably the most decentralized constitutional office within Metro Nashville. Because of this, the Office of Internal Audit focused audit procedures on revenue collections,

payroll, leave accounting and expenditures. The Register of Deeds revenues were close to \$4 million for each year, and their expenditures were close to \$3 million a year. The Office of Internal Audit didn't see a lot of problems with the expenditures cycle.

The Office of Internal Audit concluded that the DTS system is well designed to help management with recording documents. However, the financial module is not as robust as the document management side. In that area, the system has a sequence number for transactions, and the Office of Internal Audit evaluated those transactions for completeness. The Office of Internal Audit found there were gaps in the sequence numbers. When this happens it makes it difficult to know what happened to the transaction. The audit testing determined, for a sample of 90 days, that the revenue was following the controls and process designed by management.

Mr. Brannon inquired if the transaction gaps could be considered a major internal control weakness and what was the corrective action plan for the Register of Deeds to address this weakness. Mr. Swann stated the report objective question was answered inconclusive because of the weakness with the transaction sequence numbers. The Register of Deeds stated they would be working with their software vendor, DTS, to upgrade the system to provide a complete audit trail of financial transactions in future software releases.

Mr. Brannon asked if the Office of Internal Audit plan to conduct a follow-up any time soon to review this internal control weakness. Mr. Swann stated the Office of Internal Audit follow-up process is to have the entity to update information concerning their corrective action plan to the Office of Internal Audit. The number of recommendations that are still open are reported to the Committee annually. However, the Office of Internal Audit can always go back to verify the corrective action plan has been completed.

Mr. Brannon inquired if this issue was still an open recommendation. Mr. Swann stated it should still be an open recommendation because the issue was not resolved prior to issuance of the audit report.

Discussion on Metro Parks and Recreation Golf Operations audit report issued May 22, 2012 (Mark Swann – Metropolitan Auditor)

Fiscal year 2010 was the first year management had cost statement to see if an individual golf course was making money or losing money. Then Metro Nashville experienced the May 2010 flood which covered two different fiscal years for golf operations. For those two years in aggregate, golf operations was losing \$500 thousand a year.

This is a policy issue on how Metro Nashville wants to fund golf operations. There are two courses that continuously lose upwards of \$200 thousand a year. The question is what would be the best course of action going forward. One of the recommendations the Office of Internal Audit made was to explore other alternatives for running golf operations. Other cities have golf operations outsourced to a nonprofit association. You can also privatize it. Also, in other cities long term leases are signed with restaurants at golf course club houses and the restaurants provide capital for leasehold improvements. The majority of the recommendations to Metro Parks and Recreation management were rejected. They said they tried in the past to make operational changes and were told they could not do anything.

The Office of Internal Audit also found that the golf courses did not have all of the costs segregated by course. The Office of Internal Audit recommended Metro Parks and Recreation be more precise on recording costs for each individual golf course.

There is close to four percent of the park employees and volunteers who get discounted rounds or free rounds of golf. A report to the Parks and Recreation Board on these discounted rounds had never been provided in accordance with their procedures. Metro Parks and Recreation Golf Operations stated that four percent of the rounds being discounted was not unusual and they get a lot of free volunteer labor as a result.

There were no questions.

Discussion of Metropolitan Nashville Hospital Authority Revenues audit report issued June 28, 2012 (Mark Swann – Metropolitan Auditor)

For the Metropolitan Nashville Hospital Authority, revenue is a significant area for the hospital with a large percentage of it being charity care. One of the major areas within any medical entity is their Charge Master. This audit reviewed how the Authority was evaluating and making sure the Charge Master was accurate. One of the significant tasks considered as a positive control was that the Hospital Authority sends the Charge Master every year to an independent party to be reviewed and provide feedback as to whether it is reasonable. There is a lot of inherent complexity in the healthcare business in billing and this process was a good overall control.

The lease agreement for the third party leasing space for physical therapy was reviewed. It was determined that all revenue received was in compliance with the lease agreement.

One of the things that a lot of other entities are doing for prisoner inmate care is checking to see if they have insurance. There is a possibility that some of these inmates may have insurance. The Hospital Authority had not checked for insurance for inmates in the past. They agreed to look into that going forward. There are firms that make a living full-time doing that for hospitals and other localities.

The Hospital Authority contract with Vanderbilt Medical Center to provide services was close to \$2 million last year. Patients were sent to Vanderbilt to provide services that the Hospital Authority cannot provide in-house. The question up for review was if the Hospital Authority wanted to continue to provide indigent care for anybody for any situation or do you say the Hospital Authority will only provide the in-house care that they offer and will help try to find indigent care at other entities going forward for care they cannot provide. The Hospital Authority Board's response was they wanted to continue providing services using this contract when needed services are not available in-house. They did believe they needed to work on their contract with Vanderbilt Medical Center to attempt to get better terms. When you look at the contractual allowances for this agreement, it is around a 30 percent discount and it is believed this should be at least 50 percent. If successful in negotiating a new rate, the Hospital Authority could save between \$200,000 and \$300,000 a year based on historic usage.

Also, the Hospital Authority residency policy did not contain a firm definition. The Hospital Authority agreed to look at the voter's registration requirements and adopt it going forward.

There were no questions.

Discussion on Council Lady Sandra Moore request dated June 5, 2012, for audit of Fair Board regarding the fairgrounds speedway contract (Mark Swann – Metropolitan Auditor)

The Metropolitan Nashville Audit Committee received a request from a constituent of Council Lady Sandra Moore to conduct an audit of the contract for the fairgrounds speedway. The Fair Board met to see about doing an audit of the fairgrounds speedway contract and opted not to perform an audit at this time. The contract has a \$50,000 minimum guarantee and includes requirements for the Fair Board to receive a penny for every gallon of gasoline, ten percent of tire sales, and ten percent of concessions. The contract has a requirement that a certified public accountant audit the contractor's books and revenue calculations for what is supposed to be going back to the Fair Board every year. Mr. Swann's recommendation would be to agree with the Fair Board and let them try to enforce the contract requirement for audited financial statements and revenues calculation for payment. This should provide assurance that the contract is being adhered to.

Mr. Brannon recommended the Office of Internal Audit ask the person who requested the audit if they would find the certified public accountant report to be sufficient for this request. Mr. Swann stated he would follow-up on this request.

Mr. Brannon then asked if there was any reason why the constituent of Council Lady Moore made this request. Mr. Swann stated he asked Mr. Dozier about it and he was aware of this individual but he didn't quite understand why he was asking for this particular request. Mr. Riebeling stated he believed the request was prompted as result of the media reports that the attendance has been at a record high with a number of people going to the fairgrounds to the races and the revenue wasn't reflecting that and he thought that it might be worth some review.

Mr. Riebeling recommended waiting until after a year of operation and seeing what the Fair Board gets from the certified public accountant. If the report is not sufficient then maybe it's something that the Office of Internal Audit might want to take a look at. Mr. Riebeling made the motion that Mr. Swann communicates this decision to Council Lady Moore that this is the action that the Committee would recommend.

The motion was seconded and carried.

Discussion on Warner Hassell, General Sessions Court Administrator, request dated June 7, 2012, for review of General Sessions Probation Department (Mark Swann – Metropolitan Auditor)

General Sessions Court Administrator Warner Hassell requested that the Office of Internal Audit do a review of the Probation Department. The Office of Internal Audit did an audit of the Probation Department two years ago, and the Office of Internal Audit found a lot of significant control issues at that time. The Director, Mr. Mondelli, will be resigning his position as of the end of July. The Office of Internal Audit agreed to work on this as an agreed-upon procedure, which the Office of Internal Audit has already started, and it's up to the Committee to decide if it would like to approve the Office of Internal Audit to continue with this project. The agreed-upon procedures engagement mainly focuses on conducting a follow-up of the prior audit recommendations concerning revenue and drug testing.

Mr. Brannon inquired if the Office of Internal Audit normally performed audits when people in leadership positions leave employment with Metro Nashville. Mr. Swann stated there are no mandated internal audits for the Metro Nashville Government. In the past, the Office of Internal

Audit had agreed to this when the director of the General Sessions Court Traffic School left employment.

Mr. Riebeling made the motion and it was seconded that the Office of Internal Audit facilitate this request and that the audit plan be revised accordingly.

The motion was seconded and carried.

Discussion on Lannie Holland, Metro Nashville Treasurer, request for Metropolitan Nashville Office of Internal Audit to conduct audits of hotel/motel taxes (Mark Swann – Metropolitan Auditor)

The Metro Nashville Treasurer, Lannie Holland, requested the Office of Internal Audit to consider hotel/motel tax audits in the Internal Audit Annual Work Plan. Performing hotel tax compliance audits could be continuous going forward or performed on a periodic basis.

Mr. Brannon asked if this request was to audit all 250 plus hotel/motels. Mr. Swann stated that the Office of Internal Audit is considering performing the audits on a rotation basis spread over multiple years. It is estimated that an audit of the top twenty hotels by number of room nights would provide coverage for close to 60 percent of the tax collections. The Office of Internal Audit recommended the use of analytics to prioritize hotel/motels for the Audit Pan.

Mr. Riebeling added this function has been moved back to the Finance Department from the Davidson County Clerk's Office. The Metropolitan Nashville Counsel at Mr. Riebeling's request moved the collection function for hotel/motel tax and certain liquor taxes that the Davidson County Clerk had been responsible for. Mr. Riebeling believed there needed to be some compliance audit of what is being done on the hotel collections. The Metro Nashville Government has a lot of things that are dependent upon hotel/motel tax collections, and Mr. Riebeling would like to make sure that Metro Nashville is receiving the correct tax amount.

The Office of Internal Audit has a calendar year work plan and will need to allocate resources to perform this type of audit work. Mr. Swann recommended 800 hours of work effort on this year's plan or the next twelve months for hotel/motel tax audits. Mr. Riebeling strongly recommended this be done in light of all the circumstances so there would be a base of effort required to audit all hotel/motels.

Mr. Swann stated part of the hours would be for establishing an effective audit work program. A lot of the time is required just coordinating the location of the records between local hotel properties and hotel management companies.

Ms. Dowell stated she believed the Office of Internal Audit should do this work and going forward adjust the methodology on which hotel/motels and how often based on the initial results. The Office of Internal Audit can establish a baseline and look at trends going forward that would provide an idea of future resource requirements.

Mr. Lockwood stated it may be possible that the Office of Internal Audit could do a joint project with Crossland & Associates, P.C. for these types of audits.

Ms. Dowel made the motion to allocate 800 audit hours to go forward with doing some type of baseline audit of the hotel/motel tax and then establish a plan going forward.

Motion was seconded and carried. A status report will be provided at the next Committee meeting.

Old Business (Committee Chair)

Discussion on elected official part-time employee benefit participation eligibility (Margaret Darby – Metro Nashville Department of Law)

Margaret Darby provided a one page Memorandum referencing the “Follow up to the February 14th Audit Committee meeting wherein an inquiry related to the audit of the Davidson County Clerk’s Office concerning part-time employee benefits was raised.”

Ms. Darby reported that a permanent part-time employee who works a minimum of 20 hours a week is eligible to participate in the benefit system and that would also be 720 hours a year; it is a fiscal year apparently (referring to the Memorandum Ms. Darby handed out to attendees). According to the minutes, if you look at it in note three, in 1965, they said “A permanent part-time regular employee is eligible to participate in the Metro Employee Benefit System.” But apparently from 1965 to 1990 that was applied kind of sporadically and not consistently so in 1990 they said specifically that if you are a 20 hour week employee then you are eligible. There is no definition in the Metropolitan Nashville Charter or Code about this; it’s an interpretation from the Benefit Board.

It was generally agreed that something needs to be in the Metropolitan Nashville Code about who’s eligible for benefits.

Metropolitan Nashville Public Schools Teacher Retirement Plans (Mark Swann – Metropolitan Auditor)

The next follow-up item was a question about the Metropolitan Nashville Public Schools teacher’s retirement plan. The question was should internal audit be considering the teachers’ retirement plan as part of the internal audit work plan and universe. In the last meeting nobody had a definitive answer for what was happening with teachers’ retirement funds.

Mr. Swann reported all of the funds go to the State, the Tennessee Consolidated Retirement System. One member mentioned that there are some older teachers who are under the old plan. But the original question was what about the money going to the State-the \$40 million plus that the Metro Nashville spends a year. This amount is a small piece of the \$33 billion fund balance. Probably on a population census wide, the Metro Nashville Public Schools teachers represent eight to ten percent of all the teachers in the plan.

Audit of Nashville Electric Services by State Comptroller’s County Audit Division (Mark Swann – Metropolitan Auditor)

The State of Tennessee Comptroller’s Local Government Audit Division is still performing this audit.

Follow-up on external auditor presentation FY 2011 CAFR (Bob Brannon – Committee Chairman)

The FY 2011 CAFR review will be closed.

Metro Hotline Status

Carlos Holt reported that the Office of Internal Audit had a total of 15 reports this year; the Office of Internal Audit has one still open. Most of them are small in magnitude. We've had one or two that somebody asked us to help them on. General Services asked us to help them on one. Most have been resolved at the department head level.

Internal Audit Project Status

The Internal Audit Project Status report was provided to all Committee members present.

Other Administrative Matters

- FY 2012 Budget versus Actual Report - The Office of Internal Audit should come out about 20 percent under budget for 2012.
- FY 2013 Budget - The Office of Internal Audit received a one percent cut in the final budget. However, the Office of Internal Audit was allowed to carry forward \$70,000 for management consulting for next year.

Consideration of Items for Future Meetings (Bob Brannon - Committee Chair)

No items were discussed.

Adjournment

The next meeting is scheduled for Tuesday, September 25, 2012.

**METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
METROPOLITAN AUDIT COMMITTEE MEETING**

February 14, 2012

On Tuesday, February 14, 2012, at 4:00 p.m., the Metropolitan Nashville Audit Committee met in the Metropolitan Courthouse, 2nd Floor, Committee Room 4. The following people attended the meeting:

Committee Members

Bob Brannon, Chair
Brack Reed, Vice Chair
Steve Glover, Metro Council
Richard Riebeling, Director of Finance
Jacobia Dowell, Metro Council
(Arrived 12 minutes after start of meeting)

Others

Mark Swann, Metropolitan Auditor
Carlos Holt, Internal Audit Manager
Margaret Darby, Department of Law
Mike Curl, Metro Council Finance

Committee Member Absent

Diane Neighbors, Vice Mayor

Quorum present? Yes

Call Meeting to Order

Bob Brannon, Committee Chair, called the meeting to order.

Approval of Minutes

The minutes of the meetings on October 11, 2011, and December 13, 2011, were approved.

New Business

Mark Swann, Metropolitan Auditor, stated that three audit reports were issued since the last meeting in December.

Discussion on Music City Convention Center Construction Audit Report issued on December 19, 2011 (Mark Swann – Metropolitan Auditor)

The Music City Convention Center construction is at the midpoint as of September with over \$365 million paid out of the \$585 million budget and continues to go forward. The report issued in December was the 4th interim report and covered three objective areas:

1. The first objective was the Convention Center Authority's project management tasks for the convention center. A consultant was hired that does a lot of construction audit work. A responsibility matrix was mapped out to help ensure the Convention Center Authority was addressing key project management tasks. Basically, everything was covered except for a couple of key individuals who were potentially tasked with more responsibility than they could handle on a daily basis. There was some re-shifting of responsibilities to spread the workload a little bit better and an additional hiring in the financial area to help spread responsibility for these tasks.

2. A second objective was related to Diversity Business Enterprise at 20 percent goal reporting. Mr. Swann stated the Office of Internal Audit was able to verify the percentage reported to the State of Tennessee and to the public was supported and accurate.

The third objective was to look at local and statewide labor participation goals. Mr. Swann disclosed that there was no stated management goal of what that percentage should be. As the project moves on, fewer contractors and subcontractors have been providing home addresses, so a local labor percentage calculation becomes troublesome. There are some alternatives to get it accomplished. Mr. Swann discussed certified payroll home addresses could be obtained and kept in a separate file. If a new employee came on site, the address record would be kept separate so it wouldn't be a public document but would be available for the Convention Center Authority or third parties to review and to calculate percentages if that was important.

December 2010 had the highest percentage of addresses with 212 out of 325 addresses being available for workers on site which was about 90 percent of the workers on site. For that particular snapshot of the project, 55 percentage local labor participation and 61 percent statewide labor participation was documented working on the project. The percentages were down from the preceding year. The Office of Internal Audit recommended the Convention Center Authority establish a local worker participation percentage goal and determine how they would measure it going forward. Mr. Swann said he believes the Convention Center Authority had decided to continue monitoring local labor participation for the workers providing addresses, but no set percentage goal had been established.

Mr. Swann said there was a lawsuit that the Convention Center Authority had to address where one of the labor unions wanted the home addresses of workers. Mr. Riebeling said that the court ruled that the addresses need to be released. The Convention Center Authority decided to appeal this decision, and the judge has decided to stay the request for providing information until the appeal is completed. Because of privacy issues, it is ripe for appeal. The Convention Center Authority did not want to openly give away workers addresses without some kind of authority. There was nothing to hide, but it could open the door for other issues.

Discussion on Office of Criminal Court Clerk Audit Report issued on December 20, 2011 (Mark Swann – Metropolitan Auditor)

This audit was added to the CY 2011 Internal Audit Work Plan by the Metropolitan Nashville Audit Committee based on activities in the Criminal Court Clerk's Office and media reports. When the audit was started, Mr. Torrence was still the Criminal Court Clerk. Soon after the audit started, he resigned and Mr. Gentry took over. The Criminal Court Clerk's Office collected almost \$6 million in revenues in 2011 and had expenses in excess of \$5 million. Mr. Swann discussed the following areas:

1. The fixed and tracked assets controls were working as management intended.
2. Payroll and timekeeping was one of the segregation of duty problem areas where the person entering the time was also the person approving the time.
3. In the procurement of goods, there was no delegated authority letter from the Director of Metro Nashville Purchasing. Mr. Gentry signed the delegation of authority as soon as he took over. There was also a segregation of duties issue where the same person ordering the goods was also approving invoices. Mr. Swann pointed out that most of the Criminal Court Clerk's expense money is on payroll so segregation of duties on payroll is a bigger issue.

4. There were some issues with revenue collections in the Justice Integration System, which is the main system used to account for revenue. Some of the privileges could be tightened down to improve segregation of duties and provide less responsibility across the board to several different positions.
5. The Criminal Court Clerk's office has funds held in trust of approximately \$9 million, which represents the collateral for bail bond companies. Crosslin & Associates did an extensive amount of work on checking for collateral and confirmation of bank deposits. Mr. Swann said that they had reviewed work done by Crosslin & Associates and had placed reliance on their work. Mr. Swann said that there were some issues in the past where cash and collateral that was supposed to be held had been withdrawn from the bank or sold without adequate notification to the courts. This was supposed to be reported back to the court, but for whatever reason, the controls had broken down and the money was unavailable before it was known. In response, the bond capacity was reduced.
6. A survey was sent out to the stakeholders of the Criminal Court Clerk's Office and 228 responses were received. The great majority of the responses were positive about their interaction with the Criminal Court Clerk's Office, and they strongly agreed that the service was prompt. That's between judges, customers and defendants so from an operational standpoint they were doing their job well.
7. The issues in the confidential report distributed to the Metropolitan Nashville Audit Committee were being addressed by Mr. Gentry going forward.

(Council Lady Jacobia Dowell arrived.)

Discussion on Davidson County Clerk's Office Audit Report and State of Tennessee Division of County Audit Special Report issued January 26, 2012 (Mark Swann – Metropolitan Auditor)

This audit was on the initial CY 2011 Internal Audit Work Plan and was prioritized after Channel 5 media reports and a request received from Mayor Dean to initiate an audit of the Davidson County Clerk's Office. In the interim time, the District Attorney had asked the State of Tennessee Comptroller of the Treasury and the Tennessee Bureau of Investigation to conduct an investigation. A joint audit/investigation of the Davidson County Clerk's Office was initiated. All of the issues that were primarily in the media report were covered in the State of Tennessee Division of County Audit and Tennessee Bureau of Investigation special report. The State of Tennessee Division of County Audit and the Tennessee Bureau of Investigation special report highlights were:

1. Gratuities/fees received for solemnizing marriages were estimated at \$119,000 for 2,985 ceremonies.
2. There were employee payroll and leave accounting with no time and attendance records being available. Questionable pay disguised as overtime in lieu of holiday bonuses for two years in a row was paid which totaled \$20,000 and \$40,000.
3. It was disclosed that Mr. Bush was working part-time with full benefits; however, it is believed that constitutional officers are permitted to give whatever benefits they want to an employee even if they only work two hours per week since the civil service rules do not apply in this situation. Mr. Brannon inquired if it had been determined if the Metropolitan Nashville Council had any control over the state constitutional offices. Mr. Riebeling stated the only control is limited to the annual budget appropriation approval by the Metropolitan Nashville Council. Mr. Riebeling stated that Metro Nashville civil service employees working twenty or more hours per week were eligible for benefits.

The Committee requested the Department of Law to review the Metropolitan Nashville Council adopted benefits plans, for Metropolitan Nashville government employees, to determine if they have any restrictions concerning part-time employee participation in these plans. If so, would these restrictions apply for employees of elected offices? Ms. Darby stated that she would research this issue and report back to the Committee at the next meeting.

4. The Davidson County Clerk's Office had eliminated armored car pick-up service due to prior year budget cuts.

The Office of Internal Audit reviewed the following areas:

1. Procurement – competitive bidding documentation was not available for 20 of 33 routine purchases during the three year audit scope.
2. Asset accounting records – Over 61 asset records had not been updated to record disposal of the assets.
3. Hotel/Motel Tax Audits Prior Audit – The agreed upon recommendations and corrective action plan on auditing hotels/motels had not been implemented. The Davidson County Clerk's Office had only performed four audits of hotels/motels in the last three years.
4. Regarding revenue collections, the Davidson County Clerk's Office collects over \$100 million annually, and the revenue is generally well controlled. However, preprinted receipt forms were not used for business tax field collections, personal checks were cashed, fees were waived without written policy for guidance, and cashier and bookkeeper custody transfers were not always documented (seven percent of the 655 tills reviewed).
5. Davidson County Clerk fees and commissions were remitted semi-annually versus daily as stated in the Metropolitan Charter.
6. There is no receivable system, so there is no way to know what revenue is supposed to come into the system. The Office of Internal Audit was able to determine the revenue received was recorded, deposited in the bank, and checks sent to the appropriate agency.

Discussion of Office of Internal Audit Recommended CY 2012 Internal Audit Annual Work Plan (Mark Swann – Metropolitan Auditor)

The recommended CY 2012 Internal Audit Annual Work Plan (copies provided to members) includes 25 potential audits with 16 audits and three investigations to be completed in calendar year 2012 based on 11,500 available resource hours.

Attachment F, the last page of the handout, is a color coded map of past Metro Nashville internal audit coverage. The pale red areas indicate areas where there has not been an audit performed by the Office of Internal Audit in the past four years. The units with dots as borders are areas included in the recommended CY 2012 Internal Audit Work Plan. Page three of the handout summarizes the recommended CY 2012 Internal Audit Work Plan on one page for the members' consideration. The members were provided time to review the recommended CY 2012 Internal Audit Work Plan.

A request for potential audit projects was sent out to all council members and department heads. This was the first year that no responses were received.

Mr. Swann stated that it was agreed during the last meeting that an audit of Nashville Electric Services would be added to the recommended CY 2012 Internal Audit Work Plan; however there's been discussions this week between the State of Tennessee Division of County Audit and Nashville Electric Services. The Comptroller of Treasury for the State of Tennessee agreed to do the audit of Nashville Electric Services. Mr. Swann recommended the Nashville Electric Services audit be removed from the recommended CY 2012 Internal Audit Work Plan. Mr. Swann stated that there will still be an external financial audit for Nashville Electric Services in addition to the audit performed by the State of Tennessee Division of County Audit.

Ms. Dowell inquired about the possibility of auditing the Transportation Licensing Commission based on some concerns she had received in her office. Mr. Swann stated that a policy and procedures compliance related audit had been completed recently for the Transportation Licensing Commission. Mr. Riebeling stated a separate comprehensive study is being performed by Metro Nashville which includes the Transportation Licensing Commission and he believed the report should address most of Ms. Dowell's concerns.

Mr. Reed asked if any best practices or performance audit projects were included in the recommended CY 2012 Internal Audit Work Plan. Mr. Swann stated the recommended audit for telecommunications could be considered a performance audit. Also, the current audit of Metro Parks Department Golf Operations has elements of leading practices and performance objectives. Mr. Swann went on to describe that general accepted government auditing standards defines almost any non-financial attestation audit as a performance audit. Mr. Reed reiterated his desire for additional best practices/performance audit projects going forward.

Mr. Glover inquired about including the Metropolitan Nashville Public Schools teacher retirement pension plan as part of the recommended CY 2012 Internal Audit Work Plan. Discussion followed primarily concerning if the State of Tennessee or Metro Nashville was responsible for the teachers retirement plan. Mr. Riebeling stated that Metro Nashville does manage an old closed teacher retirement plan that no longer has any active contributors. He also believed the State of Tennessee manages the current active Metropolitan Nashville Public Schools teacher retirement pension plan. Mr. Swann was tasked to follow-up and report at the next committee meeting concerning who is responsible for managing this retirement plan.

A motion was made to approve the recommended CY 2012 Internal Audit Work Plan with the removal of Nashville Electric Services audit, the motion was seconded, and the recommended CY 2012 Internal Audit Work Plan was approved as amended.

Old Business (Committee Chair)

- Agreement was made that further discussion of the audit of Nashville Electric Services was not required since it was covered in the section immediately above.
- Mr. Swann informed the members that Crosslin & Associates, P.C. were not at this meeting since they were not yet prepared to release the FY 2011 Metro Nashville Management Letter or Single Audit. They may request a special meeting just for the opportunity to discuss these items.

Metro Hotline Status

Mr. Holt provided information on the Metro Nashville IntegrityLine. He said that the calls slow down this time of year and calls have stabilized at about 30 per year. There had been three new calls since the first of January 2012. There were seven open issues now. Mr. Holt discussed that a hotline call in January 2011 regarding the navigation lights on the Cumberland River at the Jefferson Street Bridge resulted in a call to Metro Public Works who then later arranged for lights to be repaired on the bridge. This possibly prevented an accident similar to one in another state where a large boat destroyed part of the bridge and seriously impacted vehicle traffic.

Internal Audit Project Status

Mr. Swann stated out of 27 audit projects approved in the CY 2011 Internal Audit Work Plan, 16 were completed and 9 audit projects were in-progress. The goal of 17 reports in CY 2011 was short by one report, the Davidson County Clerk's Office which was issued in January 2012. Three investigation reports were completed last year. The audits of Register of Deeds and Metro Nashville Public Schools Payroll should be completed soon, and the reports should be released next month.

Other Administrative Matters (Mark Swann – Metropolitan Auditor)

- Auditor I Recruitment – A second round of interviews will start this week. There were a total of 150 qualified applicants. The initial review team has narrowed the list to four potential candidates to be interviewed this week.
- FY 2012 Budget versus Actual Report reflects the Metropolitan Nashville Office of Internal Audit being on budget. We have been waiting since January 20th on a management consulting contract for auditing services with Experis Finance to be approved by Metro Nashville Purchasing Department and Metro Nashville executive management before starting additional out-sourced or co-sourced projects.
- The initial FY 2013 budget recommendation submitted includes a two percent reduction from the prior year or \$22,500. Consulting has been reduced again by \$17,500 leaving approximately \$82,500. After the annual payment for the Metro Nashville Integrity Line, this leaves approximately \$65,000 for outside consulting. This will leave a financial challenge to complete one or more outside consulting audit project in FY 2013. Mr. Riebeling inquired if the Office of Internal Audit would require a budget carry-forward request this year. Mr. Swann stated a carry-forward was likely due to the prolonged contract execution with Experis Finance.

Consideration of Items for Future Meetings (Bob Brannon - Committee Chair)

No items were discussed.

Adjournment

The next meeting is scheduled for Tuesday, June 12, 2012.

EXECUTIVE SUMMARY

August 9, 2012

Results in Brief	Background and Recommendations						
<p>We conducted a performance audit of the Juvenile Court Clerk’s Office.</p> <p>Key audit objectives and conclusions are as follows:</p> <ul style="list-style-type: none"> • Was the Juvenile Court Clerk’s Office effectively meeting the needs of stakeholders? <p>Yes. Seventy-seven percent of respondents to a survey conducted by the Metropolitan Nashville Office of Internal Audit strongly agreed that service at the Juvenile Court Clerk’s Office was effective.</p> <ul style="list-style-type: none"> • Were collected fines, fees and commissions recorded, safeguarded, deposited and forwarded to authorized entities accurately, completely and timely? <p>Inconclusive – Scope Limitation</p> <p>Documentation provided by the Juvenile Court Clerk’s Office was insufficient to provide a reasonable basis for the Office of Internal Audit to render an opinion. Consequently, the results of our testing are inconclusive. The time period for the missing documents was from July 1, 2009, to May 11, 2010, and presumably was lost in the May 2010 flood.</p> <ul style="list-style-type: none"> • Were recommendations from the 2009 Juvenile Court Clerk Victims’ Compensation Trust Account Management audit implemented? <p>Generally yes. However, management should commit to writing the informal investment policy currently in place and ensure that Clerk’s fees are deposited into Metro Nashville’s General Fund.</p>	<p style="text-align: center;">Three Years of Collections July 1, 2009 through June 30, 2011</p> <table border="1" style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="width: 20%; text-align: center;">Amount (millions)</th> </tr> </thead> <tbody> <tr> <td style="padding: 2px;">Child Support</td> <td style="text-align: center; padding: 2px;">\$6.0</td> </tr> <tr> <td style="padding: 2px;">Fees</td> <td style="text-align: center; padding: 2px;">1.5</td> </tr> </tbody> </table> <p>The Juvenile Court Clerk’s Office fiscal year 2011 budget of \$1.5 million allowed the Office to process 46,649 cases along with collecting fees, fines, commissions, and child support. Also, the Office managed victims’ compensation trust funds in excess of \$1.9 million.</p> <p>Key recommendations of this report include:</p> <ul style="list-style-type: none"> • Implement a written investment policy for the Victims’ Compensation Trust Accounts that will identify the type of bank account or investment instruments needed to consistently maximize interest earnings. • Ensure that incompatible revenue collection duties—cash handling, deposit preparation, recordkeeping and authorization—are segregated. • Journal entries to record receipt of fines, fees and commissions should be made within two business days of receipt or as stipulated by special arrangement with Metro Nashville’s Division of Accounts. • Ensure that disbursements are recorded. • Permission to modify information contained in the department’s accounting system should be restricted based on business purpose. <p>Management’s response can be seen in Appendix B.</p>		Amount (millions)	Child Support	\$6.0	Fees	1.5
	Amount (millions)						
Child Support	\$6.0						
Fees	1.5						

EXECUTIVE SUMMARY

August 10, 2012

Results in Brief	Background and Recommendations									
<p>An audit of the Procurement-to-Pay process at the Nashville Metropolitan Transit Authority was conducted. Key audit objectives and conclusion were as follows:</p> <ul style="list-style-type: none"> • <i>Were controls in place to properly manage the Procurement-to-Pay process?</i> <p>Generally yes. Overall determination of the procurement to payment cycle was managed in an acceptable manner. However, suggested process improvements will further enhance the efficiency of the entire process. See Observations A and B.</p> <ul style="list-style-type: none"> • <i>Were policies and procedures followed on all purchases, for both contracted and non-contracted purchases?</i> <p>Generally no. Several issues with full compliance of stated policies and procedures were observed. See Observations A and D.</p> <ul style="list-style-type: none"> • <i>Were vendor invoice payments complete, accurate, and reflective of actual transactions?</i> <p>Generally yes. However, additional process improvements can be initiated to help enhance assurance that vendor invoice payments are complete, accurate, and reflective of actual transactions. See Observation B.</p>	<p style="text-align: center;">Purchasing Transactions FY 2010 and FY 2011</p> <table border="1" style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;"></th> <th style="width: 35%; text-align: center;">Transactions Processed</th> <th style="width: 35%; text-align: center;">Value of Transactions</th> </tr> </thead> <tbody> <tr> <td>Purchase Orders</td> <td style="text-align: center;">14,477</td> <td style="text-align: center;">\$76.1 million</td> </tr> <tr> <td>Payment Vouchers</td> <td style="text-align: center;">18,033</td> <td style="text-align: center;">\$60.8 million</td> </tr> </tbody> </table> <p>Key recommendations of this report specify that the management of the Nashville Metropolitan Transit Authority should:</p> <ul style="list-style-type: none"> • Initiate measures to ensure that proper approval of purchases and invoice payments are followed. • Institute emergency purchasing procedures that provide adequate documentation when there is a need to expedite the purchase of parts or services. • Provide a conclusive definition of the term “significant purchase” to remove any ambiguity and avoid subjective interpretation of Nashville Metropolitan Transit Authority policies. 		Transactions Processed	Value of Transactions	Purchase Orders	14,477	\$76.1 million	Payment Vouchers	18,033	\$60.8 million
	Transactions Processed	Value of Transactions								
Purchase Orders	14,477	\$76.1 million								
Payment Vouchers	18,033	\$60.8 million								

EXECUTIVE SUMMARY

August 10, 2012

Results in Brief	Background and Recommendations								
<p>The Metropolitan Nashville Office of Internal Audit performed an audit of the of the Metro Public Health Department’s drug inventory management. Key areas reviewed included:</p> <ul style="list-style-type: none"> • Drug Inventory accountability • Handling of expired drugs • Drug storage security <p>The audit objective and its conclusion was:</p> <ul style="list-style-type: none"> • <i>Were controls in place and effective to manage drug inventory?</i> <p>Generally no. Although storage was safe and secure, existing recordkeeping controls at the Metro Public Health Department were not working effectively for the overall management of the drug inventory process.</p>	<div style="text-align: center;"> <p>Drug Expenditures July 1, 2010 through June 30, 2012</p> <table border="1" style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="width: 20%; text-align: center;">Expenses (000)</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">All Programs</td> <td style="text-align: center;">\$641.4</td> </tr> <tr> <td style="text-align: center;">- Pharmacy (Drugs)</td> <td style="text-align: center;">\$491.1</td> </tr> <tr> <td style="text-align: center;">- Animal Care & Control (Drugs and Medical Supply)</td> <td style="text-align: center;">150.3</td> </tr> </tbody> </table> </div> <p>Drug expenditures equaled approximately seven tenths of one percent (0.7%) of the Metro Public Health Department expenditures of \$89.5 million for this period. Key recommendations of this report include:</p> <ul style="list-style-type: none"> • Management at the Metro Public Health Department should establish written policies and procedures for drug storage and handling in accordance with applicable state and federal requirements. • Establish procedures to record drug receipts at all drug storage sites. This procedure can be a part of the Department’s general drug inventory policy and should be in accordance with applicable state and federal requirements. • Establish drug disposal procedures that are consistent with regulatory requirements including details on storage, segregation of expired/defective drugs, documentation, etc. 		Expenses (000)	All Programs	\$641.4	- Pharmacy (Drugs)	\$491.1	- Animal Care & Control (Drugs and Medical Supply)	150.3
	Expenses (000)								
All Programs	\$641.4								
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EXECUTIVE SUMMARY

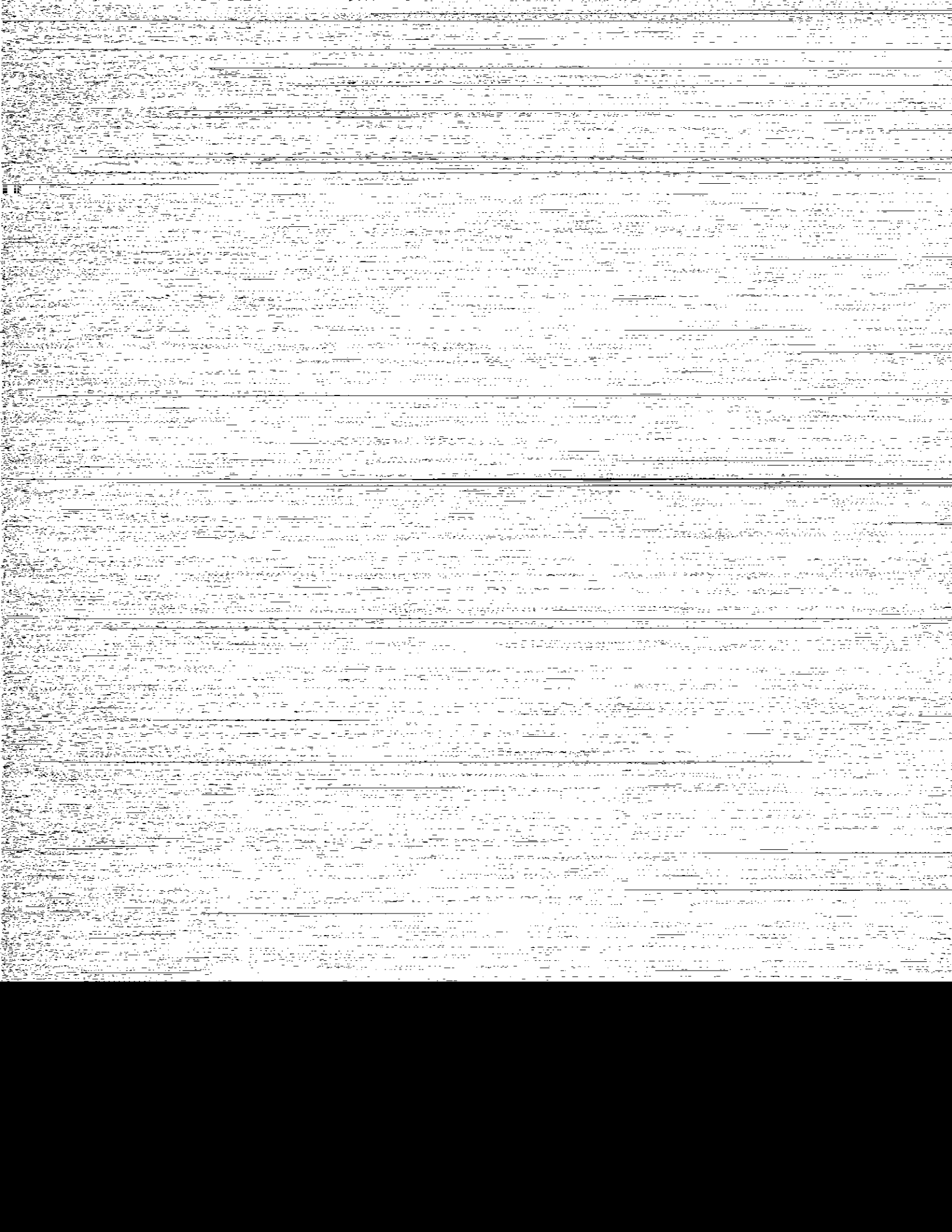
August 14, 2012

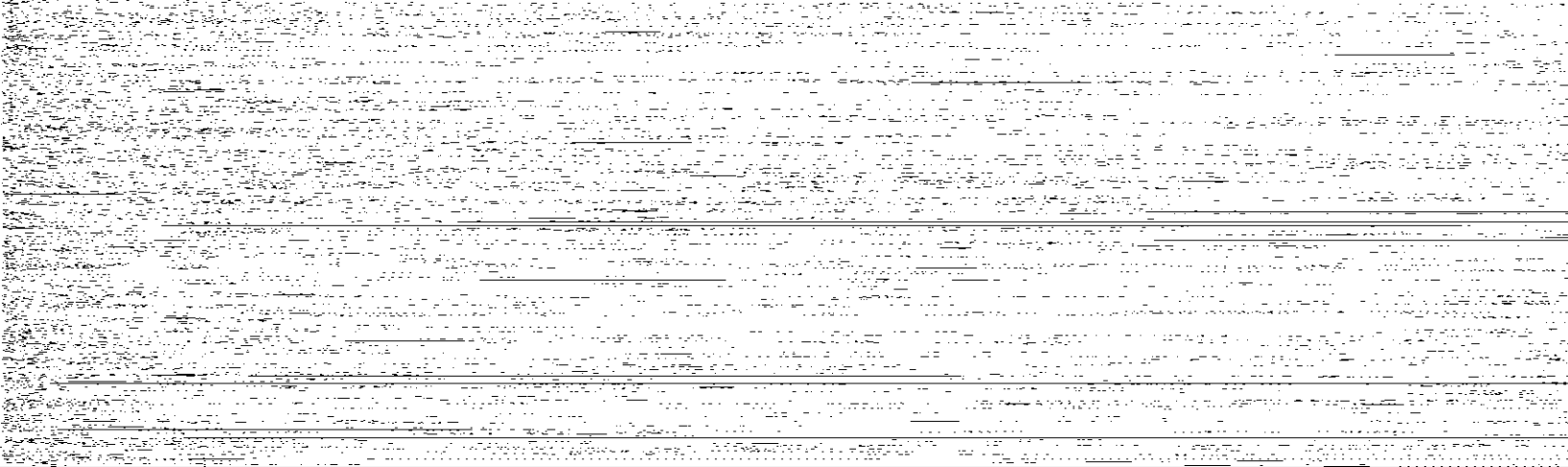
Results in Brief	Background and Recommendations								
<p>The Metropolitan Nashville Office of Internal Audit performed an audit of the Music City Convention Center construction project. Key areas reviewed included:</p> <ul style="list-style-type: none"> • Administration of the Owner Controlled Insurance Program (OCIP). <p>Audit objectives and conclusions were as follows:</p> <ul style="list-style-type: none"> • <i>Overall, was the OCIP administered effectively by the Convention Center Authority Project Management and Development Staff and the OCIP Administrator?</i> <p>Yes. Procedures currently in place provide reasonable assurance that the program is managed efficiently and effectively.</p> <ul style="list-style-type: none"> • <i>Does the OCIP have sufficient funds and coverage for the remainder of the project?</i> <p>Yes. Estimates and projections based on prevailing averages and prospective program costs indicate that there is sufficient coverage and funds for the remainder of the program.</p>	<p style="text-align: center;">Owner Controlled Insurance Program As of July 31, 2012</p> <table border="1" style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th style="width: 70%;"></th> <th style="width: 30%; text-align: center;">Projected OCIP Costs</th> </tr> </thead> <tbody> <tr> <td style="text-align: left;">Budgeted Costs</td> <td style="text-align: right;">\$5,674,858</td> </tr> <tr> <td style="text-align: left;">Paid to Date</td> <td style="text-align: right;">5,025,021</td> </tr> <tr> <td style="text-align: left;">Cost to Complete</td> <td style="text-align: right;">649,837</td> </tr> </tbody> </table> <p>The OCIP budgeted program cost and projections were based on total labor costs (initially determined through actuarial tables and internal matrices at \$68 million). The overall project cost includes a \$750 thousand contingency to cover any overages between actual and estimated payroll cost.</p> <p>Key recommendations of this report include:</p> <ul style="list-style-type: none"> • Review and establish a specific OCIP program end date to coincide with the project completion and permanent insurance - identifying any potential cost impact. Additionally, the Convention Center Authority should: <ul style="list-style-type: none"> ➤ Consult with OCIP administrators to determine the impact of possible delays of the expected opening dates and potential increases in labor cost projections. ➤ Work with OCIP insurance carriers to ensure the return of the remainder of the security trust account once all construction activities have concluded and all obligations settled. 		Projected OCIP Costs	Budgeted Costs	\$5,674,858	Paid to Date	5,025,021	Cost to Complete	649,837
	Projected OCIP Costs								
Budgeted Costs	\$5,674,858								
Paid to Date	5,025,021								
Cost to Complete	649,837								

EXECUTIVE SUMMARY

August 15, 2012

Results in Brief	Background and Recommendations
<p>A performance audit of the Metropolitan Nashville Public School (MNPS) system outsourcing of custodial and ground keeping operations to GCA Services Group (GCA) was conducted. Key audit objectives and conclusions are as follows:</p> <ul style="list-style-type: none"> • <i>Were the expected financial benefits of outsourcing custodial and ground keeping services at MNPS realized?</i> Yes. When GCA started with MNPS in July 2010, MNPS saved at least \$6.5 million in fiscal year 2011 compared to what was budgeted for custodians and ground keepers. • <i>Were there any unforeseen costs associated with outsourcing custodial and ground keeping services at MNPS?</i> Yes. In fiscal year 2011, MNPS had incurred additional costs of \$404,485 for early start-up and transition costs at the end of the school year as employees retired or separated. MNPS also paid GCA \$41,190 for additional cleaning services outside of the specified contract/hours for cleaning up after a fire and for third-party events. These types of events are typically recouped from insurance companies or from the third-party. • <i>Were service level expectations for outsourcing custodial and ground keeping services at MNPS realized?</i> Yes. GCA compiles District Wide Report Cards on six measures of contract performance for each school each month. The school principal completes the Report Card and submits it to GCA. These report cards were rated “A” 75 percent of the time and “B” 19 percent of the time on a scale of “A” to “F”. 	<p>MNPS issued a request for proposals (RFP) for custodial and ground keeping services on March 15, 2010. GCA Services Group (GCA) signed a contract with MNPS on May 28, 2010. GCA provides custodial services and Landscape Services, Inc., (LSI) a sub-contractor to GCA, provides ground keeping services. The contract is \$22,668,024 a year for five years.</p> <p>The one recommendation of this report was that management of MNPS should formally document a contract management plan for the GCA contract.</p>





Investigation of Electronic Poll Books

Used in 60 Polling Places
Election Day, August 2, 2012

Dis.	Prec.	Precinct Name	House District(s)	School District(s)	Republican Ballots on Machines	Republican Applications Issued	Democratic Ballots on Machines	Democratic Applications Issued	General Only Ballots on Machines	General Applications Issued	Total Ballots Cast per Machine	Total Applications Issued per VR System	Total Registered Voters	Variance Machine Vs History
01	5	Bordeaux Library	54-58	1	6	6	218	217	1	3	225	226	1892	-1
02	4	Looby Comm Ctr	58	1	0	5	144	138	0	0	144	143	1777	1
03	1	Union Hill Baptist	50	1-3	150	149	67	70	0	0	217	219	1165	-2
03	4	Bellshire Elem School	54	1-3	103	103	291	290	3	4	397	397	3720	0
03	6	Northside Church of Christ	50-54	1-3	42	42	111	111	0	0	153	153	1196	0
04	4	Tusculum Church of Christ	53-56	2	187	186	93	93	0	0	280	279	4519	1
05	1	Trinity Lane UMC	58	1-3-5	22	114	89	0	3	0	114	114	1255	0
05	3	Eastland Baptist Church	54	3-5	15	16	58	58	3	3	76	77	904	-1
05	4	McFerrin Park Comm. Ctr.	51-58	5	5	8	89	85	1	1	95	94	1275	1
05	5	Ross Elementary School	51-58	5	29	29	191	191	19	19	239	239	2243	0
06	1	East Park Comm. Ctr.	51-52-58	5	28	30	144	140	21	23	193	193	1829	0
06	2	Shelby Comm. Ctr.	51-52	5	95	96	301	301	6	6	402	403	2741	-1
06	5	Cora Howe School	51-54	5	35	32	158	160	46	46	239	238	1940	1
07	3	Memorial Lutheran Church	51-54	5	12	24	173	161	4	5	189	190	2258	-1
08	3	Amqui Vistor Center	51-54	3	110	111	141	140	4	4	255	255	3362	0
09	3	Neely's Bend Middle School	51	3	115	123	188	200	2	5	305	328	3749	-23
Note: At poll opening, voting machines at 9-03 were temporarily unavailable - 23 Paper ballots were used														
10	4	First Baptist Church of Goodlettsvill	50-54	3	156	156	140	140	1	1	297	297	3026	0
10	5	Parkway Baptist Church	51-54	3	43	44	61	60	0	0	104	104	1298	0
11	2	Andrew Jackson School	60	4	259	259	124	123	1	1	384	383	3564	1
12	4	Central Pike Church of Christ	60	4	113	113	65	65	1	1	179	179	2438	0
13	2	Glengarry School	52-59	6-7	29	28	48	49	0	0	77	77	703	0
14	2	Hermitage School	60	4	183	181	93	93	0	1	276	275	2891	1
15	1	Two Rivers School	51-60	4	258	257	150	152	1	1	409	410	3414	-1
16	3	Glendcliff High School	52-53	7	149	148	319	317	0	0	468	465	5666	3
17	1	Edgehill Library	58	5-7-8	6	7	192	189	3	2	201	198	2130	3
17	2	Murrell School	55 - 58	5-8	12	15	108	106	0	0	120	121	1393	-1
17	4	Second Missionary Baptist Church	55 58	7-8	30	29	203	204	0	0	233	233	2103	0
17	5	Berry Hill City Hall	53 - 58	7	22	20	16	17	4	4	42	41	411	1
17	6	Trevecca Towers	58	5-7	78	80	57	56	27	26	162	162	1422	0
17	7	Knowles Senior Center	53 - 58	5-7	19	18	64	65	0	0	83	83	943	0

Old Primary Selection Screen

If no Application is needed, tap the 'Cancel, NO Application Issued' to return to the Voter List.
If, however, a Provisional Orange Application is needed, first contact Election Central via the phone bank and proceed with their direction.

Voter's PRECINCT	Voter's PARTY
1001 1 SH50/SD03	REPUBLICAN GENERAL
	DEMOCRAT GENERAL
	GENERAL

Voter Name Precinct

T:32% AC:Offline Applications Issued:3 9/12/2012 12:38:39 PM

New Primary Selection Screen

If no Application is needed, tap the 'Cancel, NO Application Issued' to return to the Voter List.
If, however, a Provisional Orange Application is needed, first contact Election Central via the phone bank and proceed with their direction.

Voter's PRECINCT	Voter's PARTY
1002 0 SH50/SD03	REPUBLICAN GENERAL
	DEMOCRAT GENERAL
	GENERAL

Voter Name Precinct

BT:99% AC:Offline Applications Issued:2 9/12/2012 12:36:44 PM

STANDARD Application For Ballot
Precinct: 1001 1 SH50/SD03
Districts: DEM-SH50/SD03
Type of Election: Municipal
Application #: 1
Election Date: 08/07/2012
Voter Name: HAMPTON, KATHERINE C
Voter Address: 2352 BAKER STATION RD
GOODLETTSVILLE 37072

Oath of Voter:

I CERTIFY THE FOLLOWING TO BE TRUE:

1. I live at this address.
2. I am a legally registered voter in Davidson County.
3. I have not previously voted anywhere in this election.

Signature of Voter, as Registered

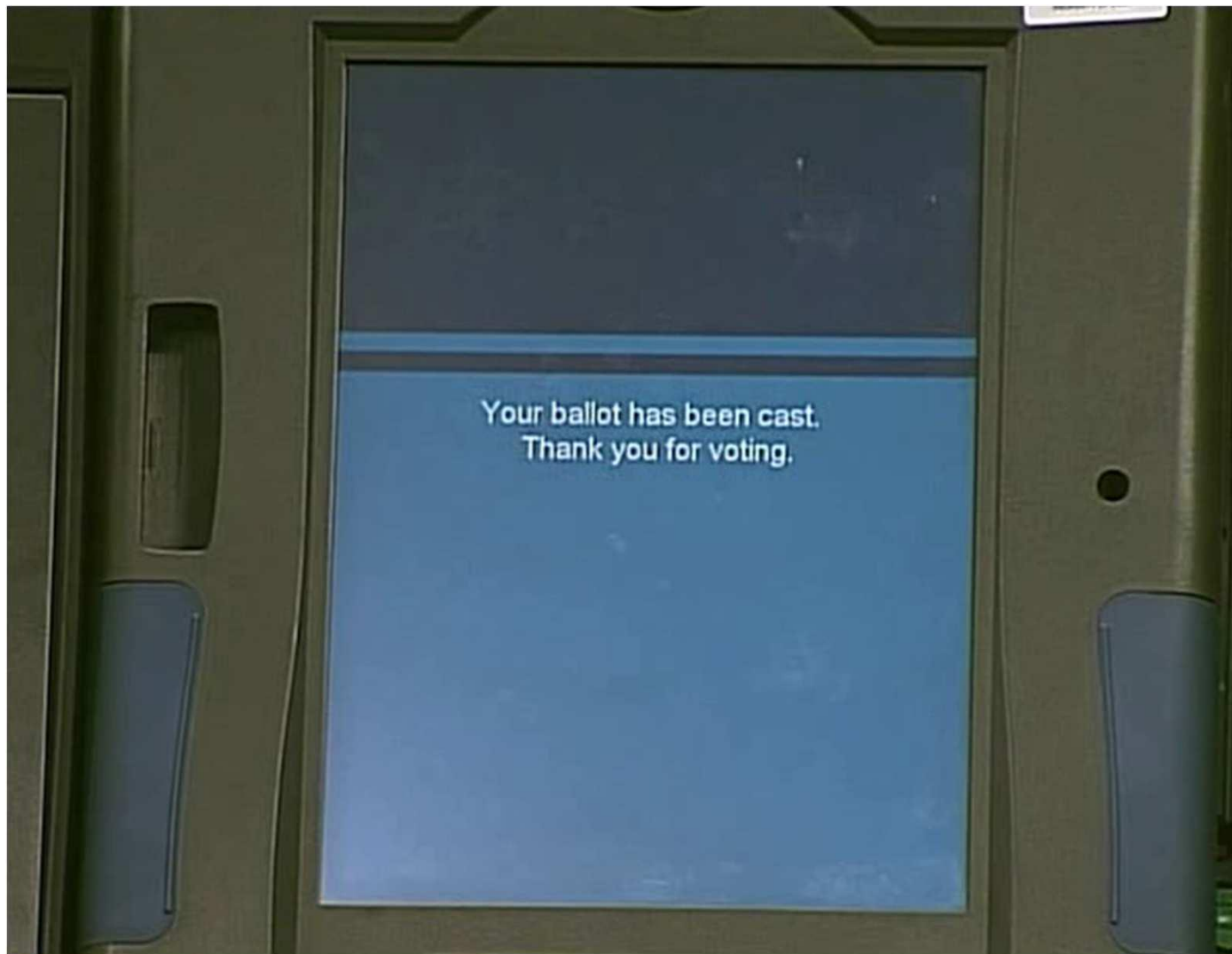
WARNING: DO NOT Remove this
document from polling place!

ID Required T.C.A 2-7-112(c)
FELONY WARNING: Giving false information
to register to vote or attempting to
vote when not qualified is a felony
punishable by not less than two (2)
years nor more than twelve (12) years
imprisonment or a fine of \$5000 or both.

Registrars Initials _____

Machine Op Initials _____

Machine Operator Training Clip

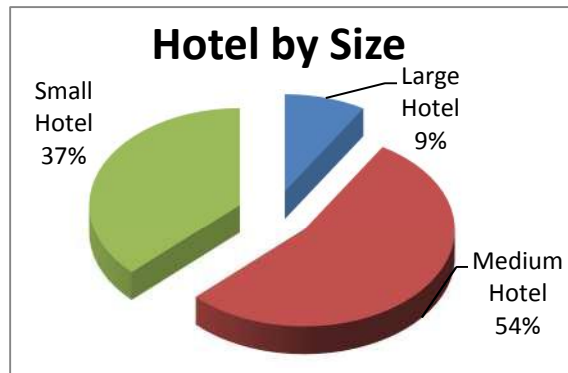


Occupancy Tax Audits May Help the Hotel Industry in Davidson County

Continuous audits of the hotel occupancy tax (HOT) collections at hotel properties can serve the purpose of verifying completeness of tax returns as well as helping hotel operators to understand relevant Metropolitan Nashville Code of Laws concerning the application of HOT.

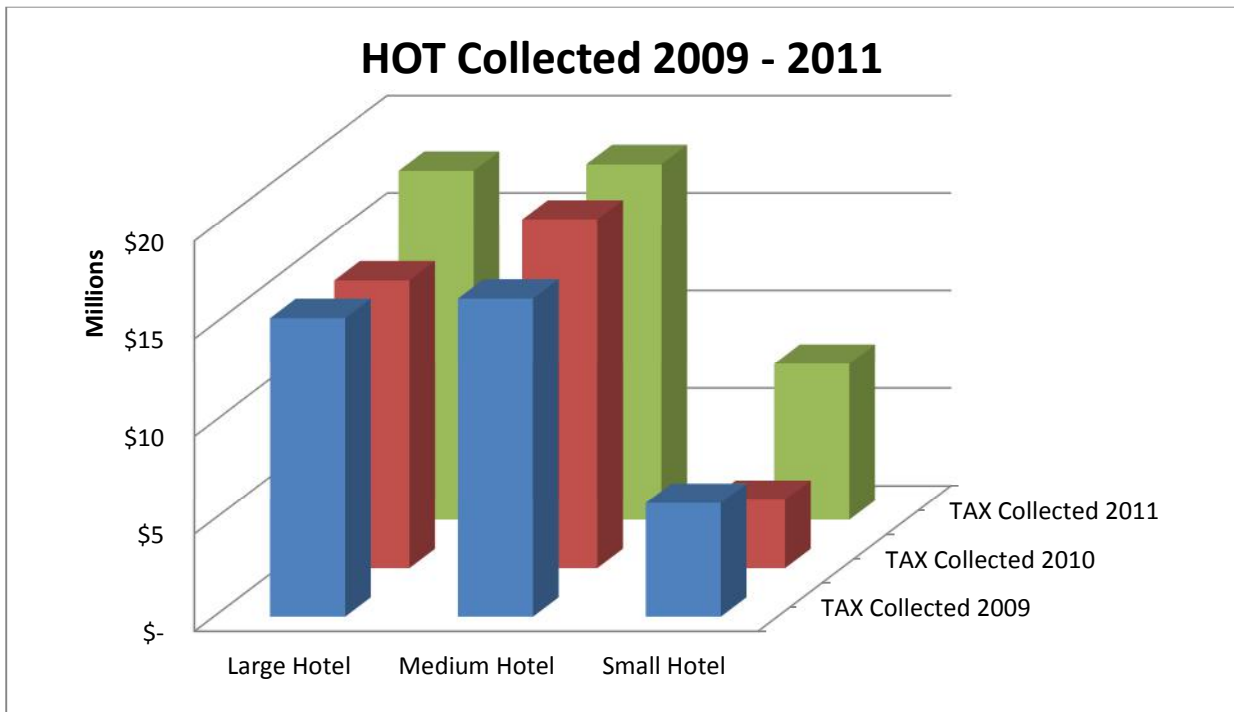
Background

Hotel properties with more than 200 rooms were categorized as large hotels (Opryland,

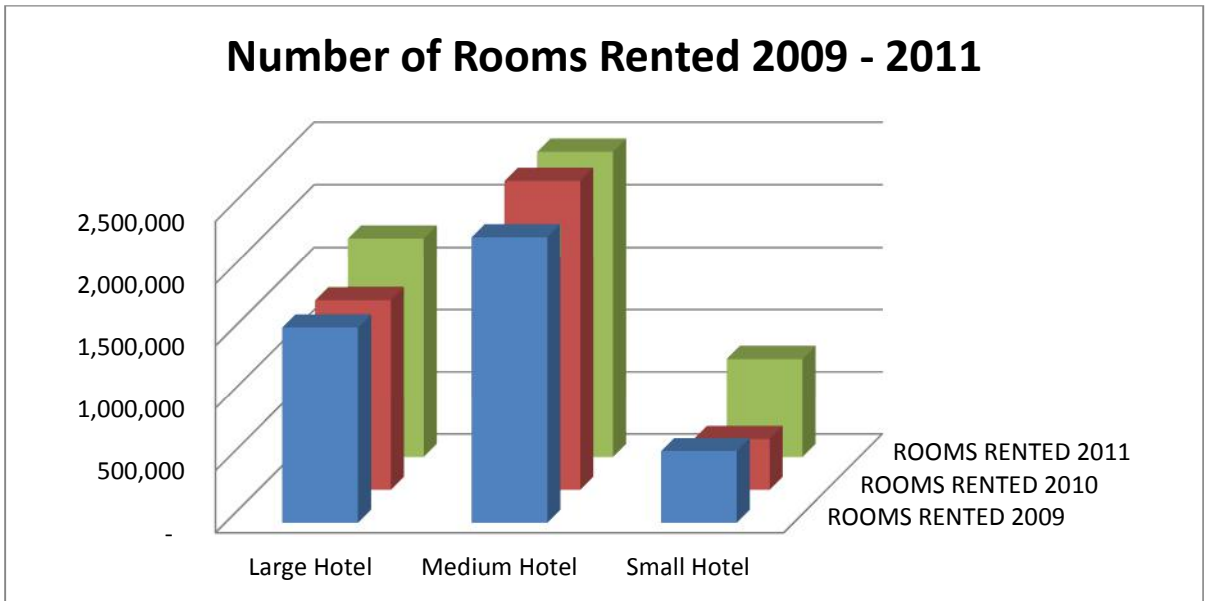


Radisson, Sheraton, Lowe's, Hutton). This category has 25 properties. Hotels with less than 200 rooms but more than 50 rooms were categorized as medium hotels (Hilton, Drury Inn, Hampton Inn, Holiday Inn). This category has 162 properties. Hotels with less than 50 rooms were categorized as small hotels. A total of 298 hotels had filed HOT since 2009.

Over the three-year period from 2009 to 2011, large hotels brought in 41 percent of total HOT revenue, medium hotels 41 to 49 percent, and small hotels 10 to 18 percent.



Large hotels consistently had 35 percent of total rented rooms in Davidson County, medium size hotels from 47 to 52 percent, and small hotels from 13 to 16 percent. The medium size hotel group had more direct impact on visitors to Nashville.



Recommended Audit Approach

All hotel operators do not have the same level of resources to manage various sizes of hotels. The Office of Internal Audit found through observation that large hotels under big brand names have better computerized management systems where internal controls over revenue reporting were stronger than other systems. Medium and small hotels may not have the needed accounting expertise and resources to effectively keep proper records to show their tax collection effort. Audits of these types of hotels should have an objective, in addition to verifying financial records, to train the hotel operators for their understanding of the law as well as for what documents should be retained for future inspections.

(Average work hours per hotel)	Average Audit Work Hour Effort	
	<i>One Year Cycle</i>	<i>Four Year Cycle</i>
Initial Hotel Profile Database	800	800
-25 Large Hotels (50)	1,250	400
-162 Medium Hotels (24)	3,890	1,100
-111 Small Hotels (24)	2,660	700
Total Annual Work Effort	7,800	2,200

The Office of Internal Audit recommends allocating 2,200 work hours annually resulting in a four year cycle audit approach. This effort will impact the Annual Internal Audit Work Plan by repurposing two to three performance audits to accommodate this service.

Attachment - D 2012 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 the population
3. **Accountability** - internal control environment, results matters performance measures
4. **Effectiveness** - entities mission/objective is being achieved
5. **Efficiency** - prudent (cost effective) use of resources

Metro Service Delivery Objectives

Metric Used to Measure Inherent Risk Impact

1. Does 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. 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 | (E) Budget FTEs |
| Risk: Procurement request for bids contain unnecessary qualifications, bundling of scope of work, or insurance requirements | (D) Vendor Payments |

3a. Managed properly. (Effectiveness)

- | | |
|---|------------------------|
| Risk: Strategies are 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. Accomplished as citizens envisioned. (Effectiveness)

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

4. Cost effective without reducing quality. (Efficiency)

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

5. Subject to independent appraisal. (Accountability)

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

Mayor's Priority Objectives

- | | |
|---|---------------------------------|
| a. Citizens and visitors feel safe in Metro neighborhoods. (Strategy) | (A) Public Safety Impact Yes/No |
| b. Every student in Nashville deserves the best education we can provide them. (Strategy) | (A) Education Impact Yes/No |

Attachment - D
2012 Risk Prioritization Objectives and Risks

Risk Impact Metric	Source	High	Medium	Low
A. Mayor's Priority- Public Safety Impact	OIA Assumption	Entire Population	Subset Population	No Impact
A. Mayor's Priority- Education Impact	OIA Assumption	Entire Population	Subset Population	No Impact
B. Last Audit Month	OIA Project Records	GT 4 YRS ('07 or older)	3 to 4 YRS ('08 or '09)	LT 2 YRS ('10 '11)
C. Total Fees and Collection	OMB Revenue Manual	GT \$6 Million	\$6 Million to \$1 Million	LT \$1 Million
D. Vendor Payments	EBS Report of Voucher Payments January 1, 2010, to December 31, 2010	GT \$6 Million	\$6 Million to \$1 Million	LT \$1 Million
E. Budget FTEs	FY 2011 Budget	GT 500	500 to 50	LT 50
F. % Payroll Not Regular Pay	EBS Payroll January 1, 2010, to December31, 2010	LT 94%	94% to 96%	GT 96%
G. Expense Appropriation Value	FY 2011 Budget	GT \$15 Million	\$15 Million to \$2 Million	LT \$2 Million
H. Number of Citizens Served	OIA Assumption	Entire Population	Subset Population	Few or Primarily Metro Internal Stakeholders
I.. Number of Programs	FY 2011 Budget or entity web site	GT 15 Programs or unknown	Between 15 and 5 Programs	LT 5 Programs

If an auditable entity had significant vendor payments, numerous employees, and provided direct service to the majority of Metro citizens and has not been subject to an internal audit in recent years, then the entity received a higher inherent risk score.

Attachment E - 2011 Metro-wide Risk Prioritization Worksheet

	B	C	D	E	G	H	I	J	K	L	M	N	O	P
1	Entity	Risk Score	Audit Plan	Last Audit Month	Expense Actual	FTEs	Revenue Pgrm & Non-Pgrm	Capital Projects Budgeted	Payroll Amount	Payroll Base %	Accounts Payables	FY2011 Budget Variance	Grant Amount Actual	Numb of Prgms
2	31-Police	2.69		2011.06	158,392,794	1,896	10,591,598	21,062,037	97,268,190	94%	12,600,691	0.40%	5,387,956	43
3	32-Fire	2.63	√	2008.01	109,856,856	1,147	14,172,772	19,197,848	72,849,522	94%	4,801,771	0.60%	5,869,476	19
4	65-Water & Sewer Services	2.60		2010.06	112,368,853	720	112,392,320	505,719	33,066,569	93%	61,757,988	-8.20%	1,137,920	33
5	42-Public Works	2.56	√	2009.03	80,362,463	340	36,680,211	42,730,685	15,286,411	96%	33,931,966	-0.30%	6,291,803	18
6	30-Sheriff	2.50	√	2009.06	76,636,354	841	27,163,660	969,033	34,262,246	98%	25,507,006	0.10%	22,827,093	26
7	80-MNPS General Purpose Fund	2.47	√√	2012.00	680,718,457	8,876	687,792,625	116,058,270	393,489,731	100%	135,086,880	-0.10%	244,843,786	31
8	38-Health	2.44	√	2009.01	44,049,925	509	32,179,365	539,942	22,349,243	100%	11,649,203	-1.50%	22,739,478	34
9	40-Parks and Recreation	2.38	√	2012.00	31,873,820	661	10,677,825	12,128,742	15,982,582	99%	7,179,029	-0.50%	909,410	32
10	39-Library	2.13	√	2007.06	20,317,385	302	1,031,243	10,102,102	10,587,110	100%	4,287,568	-0.80%	282,490	20
11	75-Metro Action Commission	2.13	√	2008.07	28,974,703	294	28,976,968	2,634,630	10,063,957	100%	10,941,756	17.40%	22,231,248	11
12	26-Juvenile Court	2.06		2006.03	12,965,063	112	1,783,701	64,920	5,276,070	100%	4,457,846	-4.10%	1,393,034	23
13	76-Nashville Career Advancement Center	2.00	√		10,237,366	49	10,238,227		2,247,872	100%	7,044,269	1.50%	9,231,053	6
14	10-General Services	1.94	√	2012.00	41,966,275	144	62,634,299	36,007,118	7,285,700	98%	29,545,065	-5.30%	1,419,597	11
15	19-District Attorney	1.94		2011.09	7,037,104	87	2,423,635	79,200	3,964,141	96%	1,488,383	0.00%	365,177	5
16	14-Information Tech Services	1.88	√√	2011.04	15,132,922	123	15,123,198	21,118,258	7,042,188	99%	4,464,283	-3.60%	-	18
17	37-Social Services	1.88		2007.04	6,355,938	82	1,772,880	100,000	3,363,589	100%	1,497,073	-2.80%	1,435,661	12
18	68-District Energy System	1.88	√	2007.07	20,096,223	1	22,927,995		90,632	100%	14,281,973	-1.10%	-	2
19	33-Codes Administration	1.81		2009.09	7,539,076	82	8,557,002	115,665	4,104,449	100%	634,782	-9.70%	-	7
20	91-Emergency Communication Center	1.81		2011.08	11,995,676	167	431,892		8,128,284	96%	461,971	-2.00%	-	6
21	28-State Trial Courts	1.81		2011.07	11,442,384	147	3,564,660	343	6,416,838	100%	1,278,061	-0.80%	2,421,198	8
22	04-Mayor's Office	1.75	√	2006.08	2,986,000	34	160,501		2,165,297	97%	1,141,286	-6.30%	2,105,422	6
23	18-County Clerk	1.75		2012.01	4,483,628	77	118,598,287	168,748	2,578,032	98%	407,782	-1.70%	-	7
24	62-State Fair	1.75	√	2005.07	2,884,043	17	2,109,628		950,650	93%	1,572,748	-28.60%	-	3
25	21-Public Defender	1.69		2010.07	5,903,794	70	1,713,051		3,954,522	100%	529,023	-1.00%	1,713,040	5
26	27-General Sessions Court	1.69		2009.07	10,915,242	127	3,558,032	293,392	6,795,614	100%	599,454	0.40%	-	8
27	07-Planning Commission	1.69		2006.07	5,526,698	45	2,046,579	39,984	2,698,948	100%	1,109,229	-3.10%	1,515,793	5
28	16-Assessor of Property	1.63			6,856,427	78	10,721	382,150	3,977,303	100%	593,142	-7.20%	10,000	4
29	25-Clerk and Master of the Chancery Court	1.63			1,600,950	18	2,197,711	1,116,096	950,457	100%	38,548	-3.00%	-	12
30	24-Criminal Court Clerk	1.56		2011.12	5,481,261	78	5,854,198		3,461,081	100%	253,713	-1.10%	1,203,860	9
31	15-Finance	1.50	√	2010.07	9,490,995	98	727,761	4,774,728	6,085,717	100%	325,602	-2.40%	-	18
32	61-Municipal Auditorium	1.50		2010.09	1,669,907	8	2,394,352	3,083	416,595	94%	1,056,162	-2.60%	-	3
33	17-Trustee	1.44		2010.03	2,263,187	25	782,192,000		1,151,521	100%	170,919	-0.70%	-	4

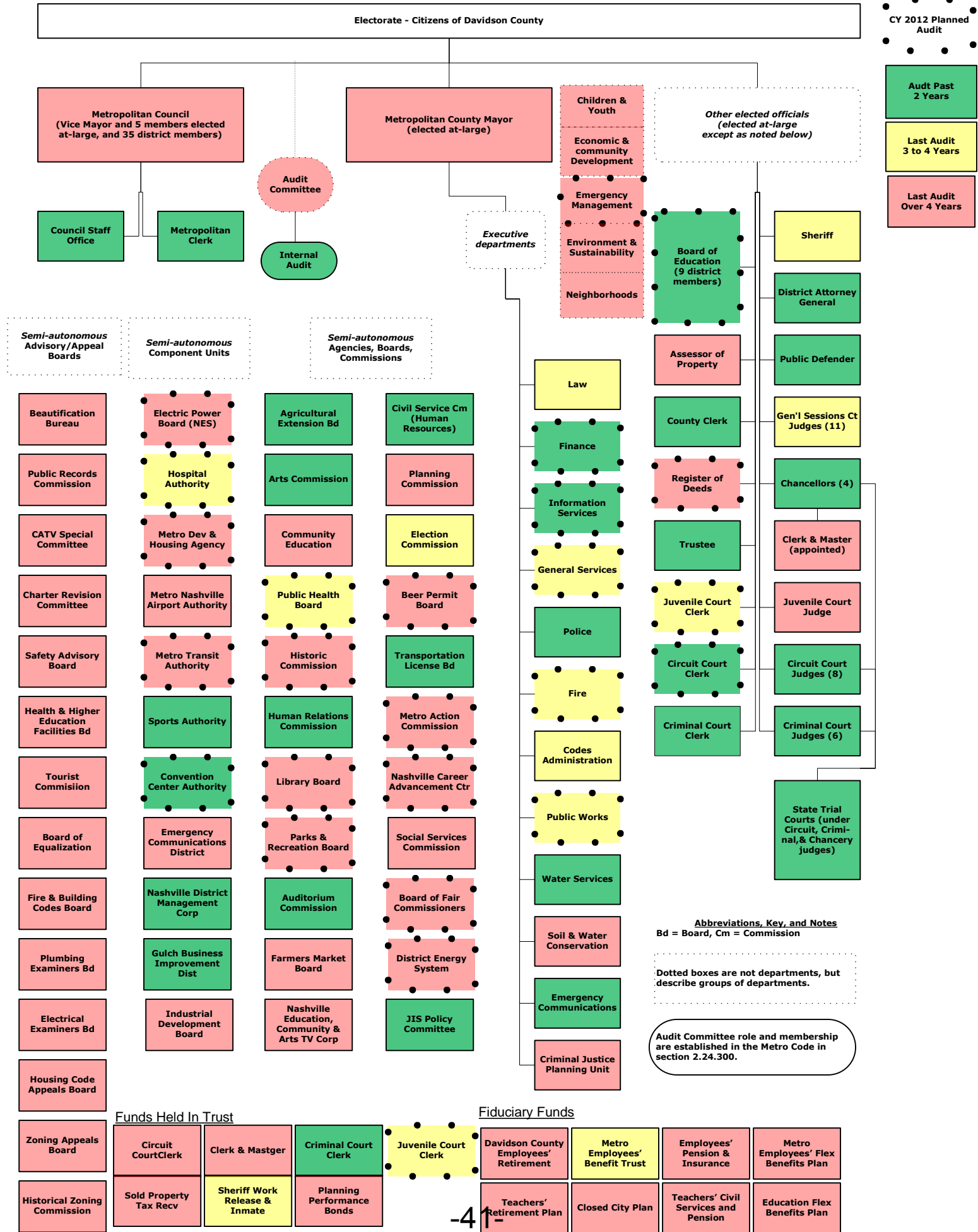
Attachment E - 2011 Metro-wide Risk Prioritization Worksheet

	B	C	D	E	G	H	I	J	K	L	M	N	O	P
1	Entity	Risk Score	Audit Plan	Last Audit Month	Expense Actual	FTEs	Revenue Pgrm & Non-Pgrm	Capital Projects Budgeted	Payroll Amount	Payroll Base %	Accounts Payables	FY2011 Budget Variance	Grant Amount Actual	Numb of Prgms
34	08-Human Resources	1.44		2009.09	3,898,709	50	1,620	158,111	2,234,226	100%	623,713	-12.00%	-	10
35	41-Arts Commission	1.44		2010.02	2,466,310	9	(24)	5,627,750	309,097	100%	1,920,265	0.00%	-	3
36	60-Farmers Market	1.38		2005.08	1,244,337	7	1,296,180		244,610	96%	873,792	-1.20%	257,397	2
37	06-Law	1.31		2008.09	5,330,272	47	2,659,406	78,492	3,359,792	99%	746,594	-0.40%	-	6
38	23-Circuit Court Clerk	1.31	√	2010.06	3,785,558	46	11,461,164	1,970,791	1,768,199	100%	279,074	-6.80%	-	4
39	05-Elections	1.31		2008.06	3,330,858	40	31,732	42,386	1,701,524	97%	420,776	-7.70%	15,468	2
40	70-Community Education Commission	1.31			391,456	2	362,603		209,476	100%	97,371	-5.90%		1
41	F34100- (Nashville Education, Community an	1.31			958,000							-59.00%		2
42	02-Metropolitan Council Staff	1.25		2010.10	1,755,955	49	268	53,938	1,132,794	100%	26,184	-0.60%	-	1
43	03-Metropolitan Clerk	1.25		2010.08	999,593	13	1,279,665	65,767	350,536	94%	179,380	-3.00%	-	3
44	09-Register of Deeds	1.25	√	2012.00	2,949,743	27	3,935,764		1,724,189	100%	403,571	-6.90%	-	2
45	22-Juvenile Court Clerk	1.25	√	2012.00	1,487,363	35	675,481		972,631	100%	56,047	-1.90%	-	9
46	11-Historical Commission	1.25	√	2007.08	605,365	8	5,948		398,165	100%	31,512	-1.90%	-	3
47	34-Beer Board	1.25	√		337,207	4	415,705		183,521	100%	9,342	-1.50%	-	2
48	36-Soil and Water Conservation	1.25			80,111	1			43,598	100%	9,237	-0.50%	-	3
49	47-Criminal Justice Planning	1.19			402,693	4			278,047	100%	4,317	-2.50%	-	1
50	29-Justice Integration Services	1.19		2011.02	2,098,137	19		532,957	1,225,634	100%	304,487	-2.80%	-	5
51	45-Transportation Licensing Commission	1.19		2010.09	509,051	6	299,594	488	249,880	98%	56,185	-2.00%	-	3
52	35-Agricultural Extension Serv	1.13		2010.06	260,184	7			180,578	100%	19,524	-17.00%	-	3
53	44-Human Relations Commission	1.13		2011.06	421,520	3	-		204,204	100%	50,998	0.70%	-	2
54	48-Office of Internal Audit	1.00		2011.04	1,104,854	9	-		630,584	100%	219,932	-18.70%	-	3
55														
56	Component Units													
57	CU Electric Power Board (NES)	2.69	√		1,168,820,000	990	1,199,609,000							
58	CU Metropolitan Nashville Hospital Authority	2.38	√	2012.00	145,217,510	1,218	161,471,768	14,143,499	55,043,395	91%	-		-	
59	CU Metropolitan Development & Housing Ag	2.19	√		117,333,003		120,802,317	13,835,311			4,778,803			
60	CU Metropolitan Nashville Airport Authority	2.38			103,691,759	270	114,829,491	16,861,226	-					
61	CU Metropolitan Transit Authority	2.19	√	2012.00	63,020,118	500	41,363,825	43,630,164	192,586	100%	19,667,893		192,409	
62	CU Sports Authority	1.75		2011.05	38,888,864	2	28,082,751	7,445,870	168,697	100%	24,530,372	-	-	
63	CU Nashville Convention Center Authority	1.56	√	2011.12	6,029,909	13	5,406,640	26,550,809	2,102,353	100%	3,033,013	(8.90)	-	
64	CU Emergency Communication District	1.88			4,306,848		6,339,888							
65	CU Industrial Development Board	1.56			3,745,528		3,507,036							
66	CU Nashville District Management Corp	1.36		2011.10	1,577,814	1	1,567,218							
67	CU Gulch Business Improvement District	1.13		2011.10	205,831		378,363							

Attachment E - 2011 Metro-wide Risk Prioritization Worksheet

	B	C	D	E	G	H	I	J	K	L	M	N	O	P
1	Entity	Risk Score	Audit Plan	Last Audit Month	Expense Actual	FTEs	Revenue Pgrm & Non-Pgrm	Capital Projects Budgeted	Payroll Amount	Payroll Base %	Accounts Payables	FY2011 Budget Variance	Grant Amount Actual	Numb of Prgms
68														
69	Fiduciary Funds													
70	Metro Employees' Benefit Trust			2009.09	2,143,724,948									
71	Teachers' Retirement Plan				50,720,550									
72	Closed City Plan				7,274,892									
73	Employees' Pension and Insurance			2009.08	5,929,964									
74	Teachers' Civil Services and Pension				3,769,032									
75	Davidson County Employees' Retirement				1,556,601									
76	Metro Employees' Flex Benefits				1,110,331									
77														
78														
79	Funds Held In Trust													
80	Circuit Court Clerk				10,945,256									
81	Criminal Court Clerk			2011.12	9,199,017									
82	Sold Property Tax Recv				6,270,286									
83	Clerk and Master				4,785,032									
84	Planning Performance Bonds				2,045,248									
85	Juvenile Court Clerk			2009.03	1,912,172									
86	Sheriff Work Release & Inmate Trust			2009.06	370,906									

Attachment F - Office of Internal Audit - Audit Coverage Map



FY 2012 Audit Committee Confirmation of Responsibilities

		Meets Expectations	Caution	Needs Improvement	Comments
Financial Statements	1. Review the results of audits, including any difficulties encountered, and follow up as appropriate.	√			CAFR Discussed with Crosslin & Associates December 13, 2011; Management Letter and Single Audit discussed July 10, 2012.
	2. Review with Metro Nashville management and the external auditors all matters requiring communication to the Committee under generally accepted auditing standards.	√			Crosslin & Associates audit plan presentation on July 10, 2012.
Risk Management and Internal Control	3. Understand the scope of internal and external auditors' reviews of internal controls over financial reporting and government service activities, and obtain reports on significant observations and recommendations, together with department, board, commission, officer or agency	√			Crosslin & Associates Management Letter discussed July 10, 2012. Office of Internal Audit reports concerning internal control environment routinely discussed during committee meetings.
	4. Engage with Metropolitan Auditor in performing a Metro Nashville entity-wide risk assessment to form an audit work plan.	√	√		Additional briefings would be helpful.
	5. Meet with auditee after issuance of audit report by Metropolitan Auditor to discuss observations. Hold follow-up to monitor corrective actions implemented by auditee.	√			Status of audit recommendations implementation follow-up included in the Office of Internal Audit <i>Annual Report November 2010 to October 2011</i> issued to Metro Council on January 13, 2012.
Internal Audit	6. Review and approve the audit plan and all major changes to the plan.	√			Annual Internal Audit Work Plan Approved on February 14, 2012, revised on July 10, 2012 (added General Sessions Court Probation Department).
	7. Review and approve the Division of Metropolitan Audit Bylaws annually.	√			Bylaws last reviewed February 23, 2010, review of Bylaws included on September 25, 2012, meeting agenda.
	8. Assure continued independence of Metropolitan Auditor. Ensure there are no unjustified restrictions or limitations to the discharge of internal audit responsibilities.	√			Confirmation included in the Office of Internal Audit <i>Annual Report November 2010 to October 2011</i> issued to Metro Council on January 13, 2012.
	9. Review annually the activities, staffing and organizational structure of the internal audit function.	√			Administration of Internal Audit Office reviewed as a standing Audit Committee meeting agenda item.

FY 2012 Audit Committee Confirmation of Responsibilities

		Meets Expectations	Caution	Needs Improvement	Comments
	10. Review the effectiveness of the internal audit function, including compliance with generally accepted government auditing standards.	√			Last peer review completed April 8, 2011, with an opinion the Metropolitan Nashville Office of Internal Audit quality control system was suitably designed and operating effectively to provide reasonable assurance of compliance with Government Auditing Standards.
	11. Recommend the appointment of the Metropolitan Auditor.	√			Recommendation made to Metropolitan Nashville Council in August 2007.
	12. For cause remove the Metropolitan Auditor.	√			Not applicable.
	13. At least once per year, review the performance of the Metropolitan Auditor and concur with the annual compensation and salary adjustment.	√			Reviewed during December 13, 2011, Audit Committee meeting. No concerns expressed by Committee members.
Reporting	14. Issue annual report to the Council and Mayor regarding Committee activities, issues and related recommendations.	√			Office of Internal Audit Annual Report November 2010 to October 2011 issued to Metro Council on 1/13/2012
	15. Provide an open avenue of communication between internal audit, the external auditors, and department, board, commission, officer or agency management.	√			
	16. Review any other Government issued reports related to committee responsibilities.	√			State of Tennessee Comptroller's Division of County Audit Investigation Report concerning Davidson County Clerk's Office distributed to members on 1/26/2012.
Other	17. Ensure committee members undergo appropriate orientation upon appointment.	√			Orientation meetings for new council member appointments conducted in November 2011.
	18. Review and assess the adequacy of the committee bylaws annually, requesting approval for proposed changes, and ensuring appropriate disclosure as may be required by law or regulation.	√	√		Bylaws last reviewed February 23, 2010, review of Bylaws included on September 25, 2012, meeting agenda.
	19. Confirm annually that all responsibilities outlined in these bylaws have been carried out.	√			

FY 2012 Audit Committee Confirmation of Responsibilities

		Meets Expectations	Caution	Needs Improvement	Comments
Meetings	20. The Committee will meet at least once per quarter	√			FY 2012 - meetings held on July 26, 2011, October 11, 2011, December 13, 2011, and February 23, 2012, additional meeting covering FY 2012 activity held on July 10, 2012
	21. Meeting agendas along with appropriate briefing materials will be prepared and provided in advance to members by the Metropolitan Auditor.	√			Agenda, internal audit reports and other selected material provided by e-mail prior to Audit Committee meetings by the Metropolitan Auditor.
	22. Minutes will be prepared by the Metropolitan Auditor.	√			Minutes were prepared and posted on Office of Internal Audit web site after approval.
Composition	23. Follow the provisions provided in Metropolitan Code of Law, Section 2.23.300(E) Division of Metropolitan Audit.	√			Audit Committee membership is consistent with Metropolitan Code of Laws requirements.

Work Paper Purpose: To document the annual assessment of Metropolitan Nashville Audit Committee Bylaws responsibilities addressed by the Committee.

Committee Purpose: The Metropolitan Audit Committee is to ensure that the Metropolitan Government of Nashville and Davidson County (Metro Nashville) has effective, efficient, and sustainable internal controls over its major risks.

**METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY
METROPOLITAN AUDIT COMMITTEE BYLAWS**

PURPOSE

The Metropolitan Audit Committee is to ensure that the Metropolitan Government of Nashville and Davidson County (Metro Nashville) has effective, efficient, and sustainable internal controls over its major risks.

SCOPE

The Metropolitan Audit Committee (Committee) is authorized to conduct financial audits, performance audits or other audit services, including disposition of fraud incidents, concerning any department, board, commission, officer or agency of the Metropolitan Government. Departments, boards, commissions, officers and agencies of the Metropolitan Government means those entities which encompass all of the governmental and corporate functions previously performed by Davidson County and the City of Nashville existing at the formation of the Metropolitan Government, and any public entity whose existence is created or authorized by the Metropolitan Charter or the Metropolitan County Council.

RESPONSIBILITIES

Financial Statements

- Review the results of audits, including any difficulties encountered, and follow up as appropriate.
- Review with Metro Nashville management and the external auditors all matters requiring communication to the Committee under generally accepted auditing standards.

Risk Management and Internal Control

- Understand the scope of internal and external auditors' reviews of internal controls over financial reporting and government service activities, and obtain reports on significant observations and recommendations, together with department, board, commission, officer or agency management's responses.
- Engage with Metropolitan Auditor in performing a Metro Nashville entity-wide risk assessment to form an audit work plan.
- Meet with auditee after issuance of audit report by Metropolitan Auditor to discuss observations. Hold follow-up to monitor corrective actions implemented by auditee.

Internal Audit

- Review and approve the audit plan and all major changes to the plan.
- Review and approve the Division of Metropolitan Audit Bylaws annually.

**METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY
METROPOLITAN AUDIT COMMITTEE BYLAWS**

- Assure continued independence of Metropolitan Auditor. Ensure there are no unjustified restrictions or limitations to the discharge of internal audit responsibilities.
- Review annually the activities, staffing and organizational structure of the internal audit function.
- Review the effectiveness of the internal audit function, including compliance with generally accepted government auditing standards.
- Recommend the appointment of the Metropolitan Auditor.
- For cause remove the Metropolitan Auditor.
- At least once per year, review the performance of the Metropolitan Auditor and concur with the annual compensation and salary adjustment.

Reporting Responsibilities

- Issue annual report to the Council and Mayor regarding Committee activities, issues and related recommendations.
- Provide an open avenue of communication between internal audit, the external auditors, and department, board, commission, officer or agency management.
- Review any other Government issued reports related to committee responsibilities.

Other Responsibilities

- Ensure committee members undergo appropriate orientation upon appointment.
- Review and assess the adequacy of the committee bylaws annually, requesting approval for proposed changes, and ensuring appropriate disclosure as may be required by law or regulation.
- Confirm annually that all responsibilities outlined in these bylaws have been carried out.

COMPOSITION

The composition and selection of committee members will follow the provisions provided in Metropolitan Code of Law, Section 2.24.300(E) Division of Metropolitan Audit.

MEETINGS

The Committee will meet at least once per quarter, with authority to convene additional meetings, as circumstances require. The Committee will invite members of department, board, commission, officer or agency management, auditors or others to attend meetings and provide pertinent

**METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY
METROPOLITAN AUDIT COMMITTEE BYLAWS**

information as necessary. Meeting agendas along with appropriate briefing materials will be prepared and provided in advance to members by the Metropolitan Auditor. Minutes will be prepared by the Metropolitan Auditor.

**METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY
DIVISION OF METROPOLITAN AUDIT BYLAWS**

PURPOSE

The Division of Metropolitan Audit, commonly referred to as the Metropolitan 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 Government of Nashville and Davidson County (Metro Nashville.)

SCOPE

The Metropolitan Auditor is authorized to conduct financial audits, performance audits or other audit services, including disposition of fraud incidents, concerning any department, board, commission, officer or agency of the Metropolitan Government. Departments, boards, commissions, officers and agencies of the Metropolitan Government means those entities which encompass all of the governmental and corporate functions previously performed by Davidson County and the City of Nashville existing at the formation of the Metropolitan Government, and any public entity whose existence is created or authorized by the Metropolitan Charter or the Metropolitan County Council.

The Metropolitan Auditor shall conduct financial, performance, or other audit services in order to independently and objectively determine whether:

- Risks, including safety, environment, fiscal, information technology and fraud, are appropriately identified and managed
- Programs, plans and objectives are achieved
- Significant financial, managerial and operating information is accurate, reliable and timely
- Activities and programs are being conducted in compliance with policies, standards, procedures and applicable local, state and federal laws or regulations
- Resources are acquired economically, used efficiently and protected adequately
- Quality and continuous improvement are fostered in Metro Nashville's control environment
- Interaction with the various governance groups occurs as needed
- External auditors' proposed audit scope and approach supplement internal audit efforts
- Activities indicate fraud, abuse or illegal acts which need further investigation
- Computer-based systems incorporate adequate controls

**METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY
DIVISION OF METROPOLITAN AUDIT BYLAWS**

The Metropolitan Auditor shall have authority to:

- Review the effectiveness of internal controls for monitoring compliance with laws and regulations
- Review the observations of any examinations by regulatory agencies, and any auditor observation
- Review the process for communicating the code of conduct to Government personnel
- Obtain regular updates from department, board, commission, officer or agency management regarding compliance matters

The Metropolitan Auditor shall have authority to accept requests from management to perform special administrative reviews, special projects, and advisory services.

AUDIT SCHEDULE

At the beginning of each calendar year, the Metropolitan Auditor shall submit a twelve month audit schedule to the Metropolitan Audit Committee for review and approval. The schedule shall include the proposed plan for auditing departments, boards, commissions, officers, agencies, activities, systems, processes and subcontractors for the subsequent twelve months. This schedule may be amended during the period after review with the Metropolitan Audit Committee. Additionally, the Metropolitan Auditor may independently initiate and conduct any other audit deemed necessary with subsequent approval by the Metropolitan Audit Committee.

The schedule will ensure audit activities have been directed toward the highest exposure to risk and toward increasing efficiency, economy and effectiveness of programs. In the selection of audit areas and audit objectives, the determination of audit scope and the timing of audit work, the auditor will consult, as needed, with federal and state auditors, external auditors and other Metro Nashville monitoring functions so that the desirable audit coverage is provided and audit effort is properly coordinated.

REPORT OF IRREGULARITIES

If, during an audit, the auditor becomes aware of fraud, abuse or illegal acts, the Metropolitan Auditor shall report the irregularities to the Metropolitan Audit Committee, the Department of Law, the Mayor and the Tennessee Comptroller of the Treasury. If it appears that the irregularity is criminal in nature, the auditor shall notify the appropriate authority in addition to those officials previously cited.

**METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY
DIVISION OF METROPOLITAN AUDIT BYLAWS**

ACCESS TO EMPLOYEES, RECORDS AND PROPERTY

The Division of Metropolitan Audit is authorized to have full, complete, and unrestricted access to all information (including automated data), physical properties, and personnel required to conduct a thorough and complete examination of the subject under review. Employees should cooperate with auditors and provide all information pertinent to the audit. The auditor shall not publicly disclose any information received during an audit that is considered proprietary (confidential) in nature by any local, state or federal law or regulation.

AGENCY RESPONSE

A final draft of the audit report will be forwarded to the audited department, board, commission, officer or agency director or his/her designee for review and comment regarding factual content before it is released to the Metropolitan Audit Committee. The audit entity must respond in writing, and specify agreement with audit observations and recommendations or reasons for disagreement with observations and/or recommendations, plans for implementing solutions to issues identified, and a timetable to complete such activities. The response must be forwarded to the Metropolitan Auditor within fifteen business days. The Metropolitan Auditor will include the response in the report. If no response is received, the Metropolitan Auditor will note that fact in the transmittal letter and will release the audit report. Any subsequent responses shall be distributed to those who received the audit report.

AUDIT FOLLOW-UP

The Metropolitan Auditor shall follow-up on audit recommendations as practicable to determine whether corrective action has been implemented. The Metropolitan Auditor may request periodic status reports from audited entities regarding actions taken to address reported audit concerns and recommendations.

REPORTS TO METROPOLITAN AUDIT COMMITTEE

Each audit will result in a written report containing relevant background information and observations and recommendations, and shall communicate results to the Metropolitan Audit Committee, the Mayor and the audited department, board, commission, officer or agency. Subject to applicable local, state or federal laws, the report shall also be available for public examination.

The Metropolitan Auditor shall submit each audit report to the Metropolitan Audit Committee and shall retain a copy as a permanent record. A copy will be posted on the Division's internet site.

**METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY
DIVISION OF METROPOLITAN AUDIT BYLAWS**

ANNUAL REPORT

The Metropolitan Auditor shall submit an annual report to the Metropolitan Audit Committee, during the fourth quarter of each year, indicating audits completed, major concerns, corrective actions taken, and significant observations that have not been fully addressed by audited department, board, commission, officer or agency management. Additionally, the report will indicate whether there are any unwarranted restrictions on the staffing of the internal audit activity or on access by internal auditors to all organization activities, records, property and personnel.

CONTRACT AUDITORS, CONSULTANTS AND EXPERTS

Within budget limitations, the Metropolitan Auditor may obtain the services of qualified financial or management consultants, or other professional experts necessary to perform the Metropolitan Auditor's duties. An audit that is performed by contract must be conducted by persons who have no financial interests in the affairs of the entity under review. The Metropolitan Auditor will coordinate and monitor auditing performed by public accounting or other organizations employed under contract by the Division of Metropolitan Audit.

INDEPENDENCE

To provide for the independence of the Division of Metropolitan Audit, its personnel report to the Metropolitan Auditor, who reports administratively and functionally to the Metropolitan Audit Committee as established in the Metropolitan Code of Law, Section 2.24.300 Division of Metropolitan Audit.

In all matters relating to audit work, the Division of Metropolitan Audit and the audit staff should be free from personal, external and organizational impairments to independence and must avoid the appearance of such impairments of independence. The Metropolitan Auditor and audit staff have neither direct authority over, nor responsibility for, any of the activities reviewed.

STANDARDS OF AUDIT PRACTICE

The Metropolitan Auditor shall conduct work in accordance with Government Auditing Standards established by the United States Government Accountability Office.

**METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY
DIVISION OF METROPOLITAN AUDIT BYLAWS**

FUNDING

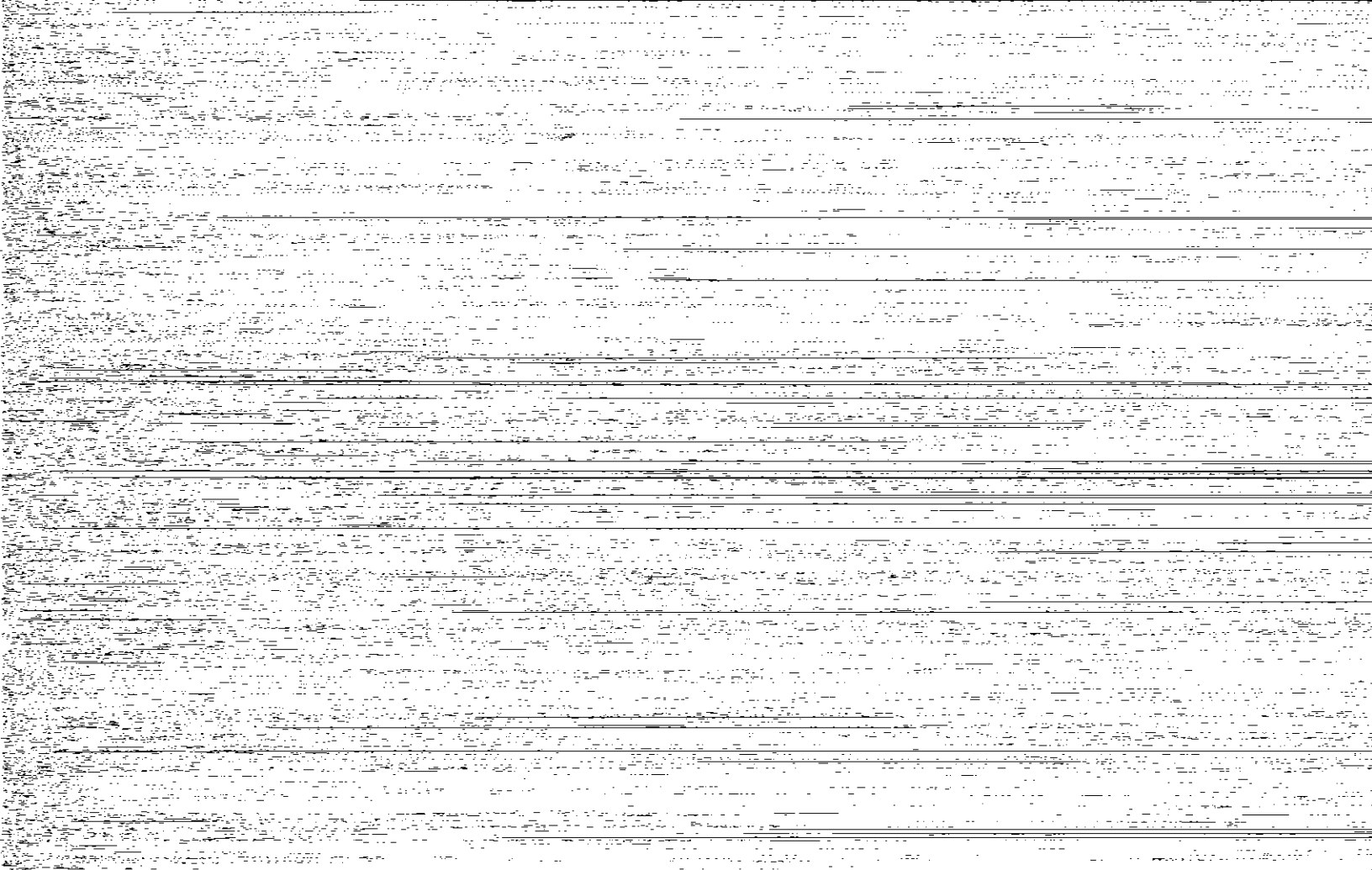
The Division of Metropolitan Audit shall submit budget proposals, in accordance with procedures established by the Metropolitan Director of Finance that are sufficient to carry out the responsibilities and functions established in the Metropolitan Code of Law, Section 2.24.300 Division of Metropolitan Audit.

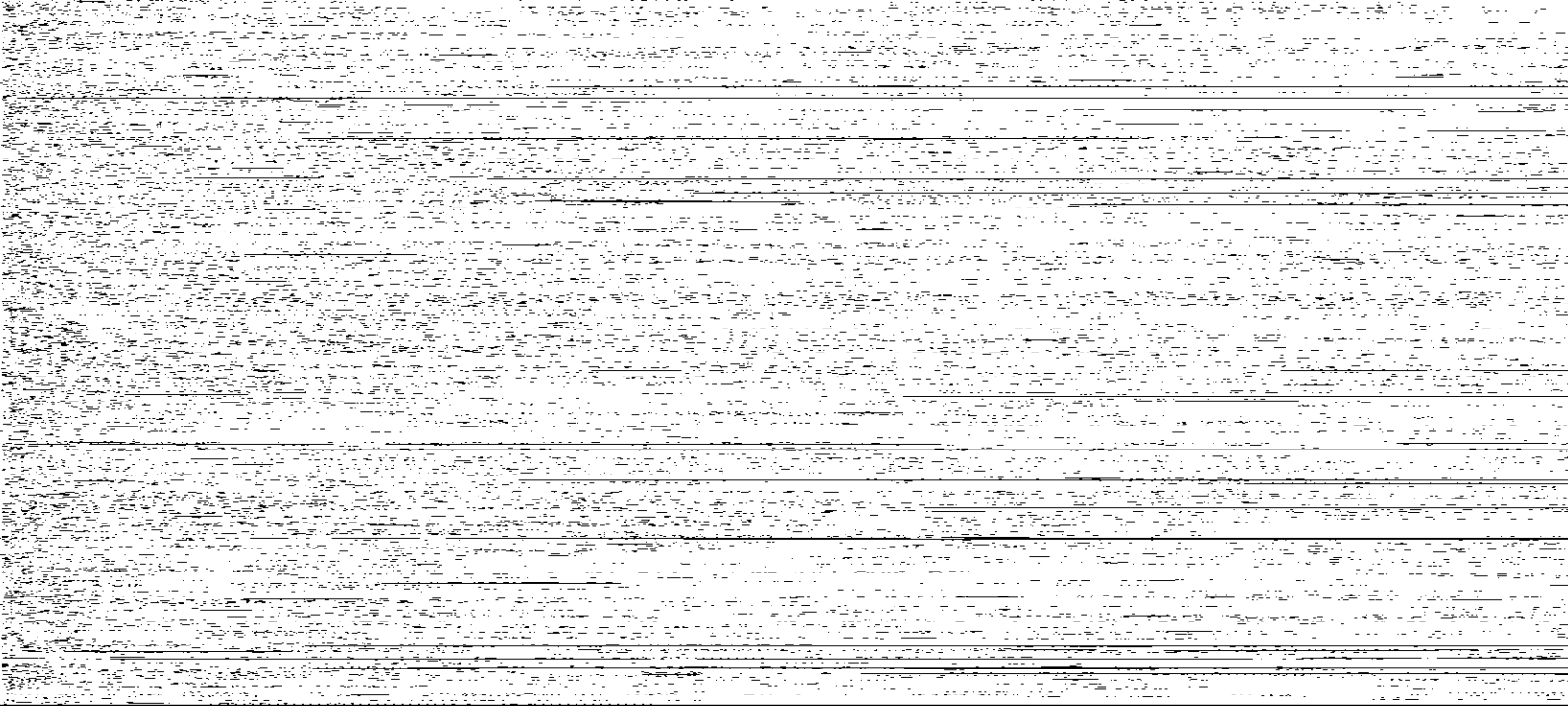
RECORDS

The Metropolitan Auditor shall retain for ten years (or longer if so directed by statute or ordinance), a complete file of each audit report and each report of other examinations, surveys and reviews made under legislative authority. The file should include audit working papers and other supportive material directly pertaining to the audit report.

REASSESSMENT

The Division of Metropolitan Audit Bylaws will be reviewed and reassessed annually by the Metropolitan Audit Committee.







Letters of Recommendations to Management

Single Audit

ETHICS

"Be sure to put your feet in the right place,
then stand firm."

~ Abraham Lincoln



If you ever have a concern regarding unethical activity, don't keep it to yourself.
Discuss it with the appropriate supervisory personnel.

Or, if you prefer to remain anonymous, call us through our Metro Nashville IntegrityLine:
877-371-0676 or www.tn.gov/ethics

This toll-free number is staffed by The EthicsLine, an independent organization operating 24 hours a day, 7 days a week. You do not have to give your name.
An EthicsLine Specialist discusses your concern, assigns you a personal reference number and stays your concern to the company.

**Metropolitan Office of Internal Audit
Audit Project Status
As of September 25, 2012**

Projects	Planning	Contracts		Fieldwork	Report	Report Phase	
		RFP	Approval			Draft	Final
Completed							
1) MNPS Payroll					✓		Mar-12
2) Register of Deeds					✓		Apr-12
3) Metro Parks Golf Operations					✓		May-12
4) Hospital Authority - Patient Billing & Collections					✓		Jun-12
5) Juvenile Court Clerk's Office					✓		Aug-12
6) Metro Transit Authority Procurement to Pay Process					✓		Aug-12
7) MNPS Custodial Services Outsourcing					✓		Aug-12
8) Health Dept - Drug Inventory Management					✓		Aug-12
9) Music City Convention Center Authority					✓		Aug-12
In-Progress							
10) ITS Public Key Infrastructure					✓	Sep-12	
11) General Sessions Court Probation Procedures					✓	Sep-12	
12) General Services Fuel Management					✓	Sep-12	
13) Public Works Contract Administration					✓	Sep-12	
14) Fire Dept - Drug Inventory				✓		Oct-12	
15) Acceptable Use Information Assets				✓		Oct-12	
16) Nashville Electric Services Interlocal Agreements				✓		Nov-12	
17) Hotel/Motel Occupancy Tax				✓		Jan-13	
18) Historic Commission				✓		Nov-12	
19) Treasury - Metro Investment Pool	✓					Dec-12	
20) Nashville Career Advancement Center	✓					Jan-13	
Metro IntegrityLine Alerts Since Jan 1, 2012:					Total	Closed	Pending
Metro Hotline Alerts (Fraud, Waste & Abuse, & Suggestions)					24	22	2
Cases Reported to State of TN from Metro Hotline Alert					0	0	0
Cases Tasked to OIA by State of TN					5	0	1
Cases Tasked to OIA by Metro Entities					3	1	2

Note: Goal to complete 16 audit projects in CY 2012. Currently 9 audit projects are completed, and 9 audit projects are in field work or draft report phase.

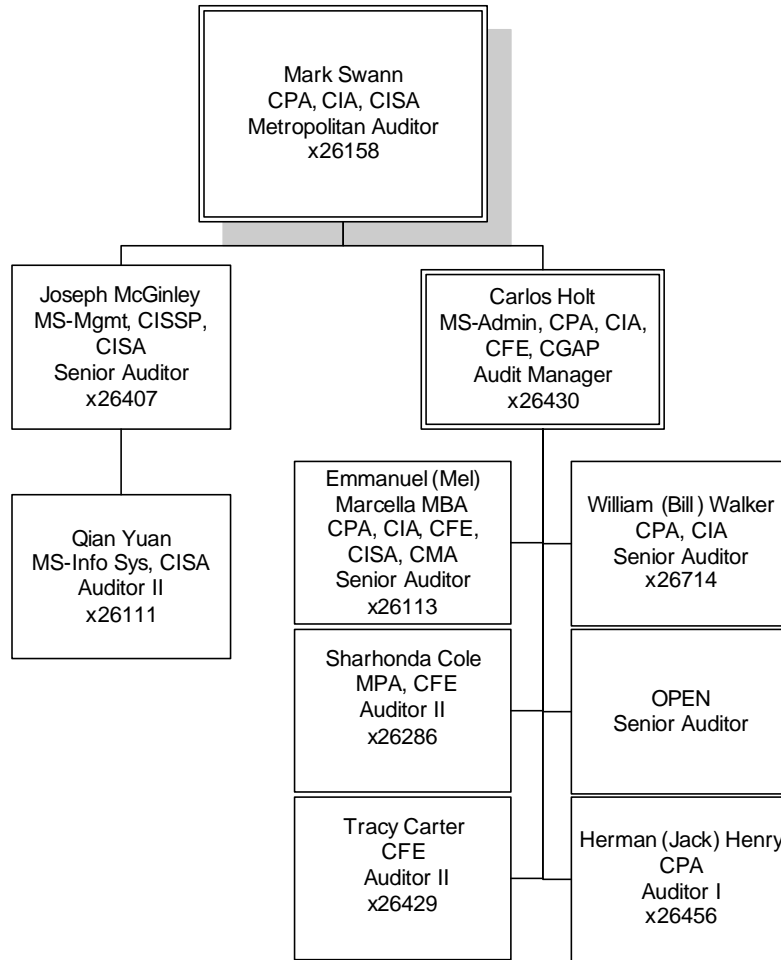
Internal Audit Fiscal Year 2013
GSD General Fund as of September 21, 2012

FY 2013 Approved Budget

	Approved FY 2012 Budget	Actual As of September 21, 2012	Difference	Notes
Total Salaries & Fringe	\$ 989,800	\$ 207,469	\$ 782,331	
Other Expenses				
Professional & Purchased Services	156,200	7,013	149,187	
Other Expenses	57,800	6,480	51,320	
Internal Service Fees	74,100	69,174	4,926	
TOTAL EXPENSES	\$ 1,277,900	\$ 290,136	\$ 987,764	

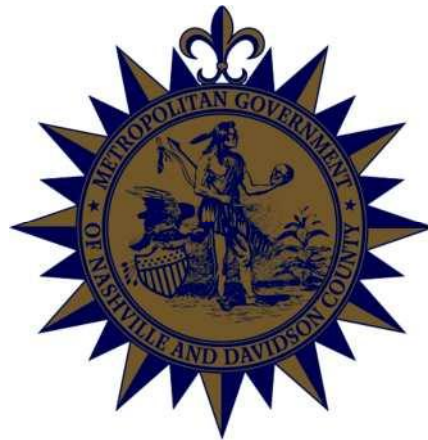
30003 General Fund 4% Reserve	\$ 21,429	\$ 10,477	\$ 10,952	AX Core Server Software & Training
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Office of Internal Audit Organization Chart September 25, 2012



**METROPOLITAN GOVERNMENT
OF NASHVILLE AND DAVIDSON
COUNTY**

OFFICE OF INTERNAL AUDIT



**2012
AUDIT WORK PLAN**

**APPROVED BY THE
METROPOLITAN AUDIT COMMITTEE**

**February 14, 2012
(Revised July 10, 2012)**

Attachment A - CY 2012 Audit Plan Summary

(* Co-source Audit)

CY 2011 Audits In Progress	
1	Register of Deeds
2	Parks - Golf Course Operations
3	Metropolitan Nashville Public Schools – Payroll
*4	Metro Nashville Information Technology Services – Public Key Infrastructure
5	Juvenile Court Clerk
6	Metro Transit Authority – Procurement to Pay Process and Contract Monitoring
7	Nashville Hospital Authority – Patient Billing and Collections
8	General Services - Fuel Management
9	Electric Power Board (NES) - Payments in Lieu of Property Taxes and Interlocal Agreements
CY 2012 New Audit Areas	
1	Convention Center Authority – Music City Convention Center Construction Contract Monitoring
*2	Metro Nashville Information Technology Services - Primary Government Telecommunications (Voice and Data)
3	Library
4	Metropolitan Development and Housing Authority – Procurement to Pay Process and Contract Monitoring
*5	Metropolitan Nashville Public Schools - Post Custodial Services Outsourcing Review
6	Fire Department - Drug Inventory Management
7	Health Department - Drug Inventory Management
8	Circuit Court Clerk - Municipal Citations Other Than Traffic Process
9	Computer Acceptable Use - (Review three entities: Office of Emergency Management, State Fair and Metro Action Commission)
10	Nashville Career Advancement Center
11	Public Works - Vendor Contract / Price Agreement Compliance
12	District Energy System - Vendor Contract / Price Agreement Compliance
13	Finance Department - Metro Investment Pool
14	Historic Commission
15	Beer Board
16	General Sessions Court Probation Department
17	Hotel Occupancy Tax Audits

Attachment B - CY 2011 Audits In Progress Detail

* = Co-source	Department	Potential Key Audit Objectives
1	Register of Deeds	<p><i>Audit is in the field work phase.</i></p> <ul style="list-style-type: none"> • Does documentation support key performance metrics? • Are all documents received by the Register of Deeds accurately and timely recorded? • Are documents recorded by the Register of Deeds done so in accordance with applicable laws and regulations? • Are Register of Deeds expenditures prudent and reasonable? • Is revenue collected by the Register of Deeds complete, deposited in accordance with Metro Treasury policies, properly safeguarded, and accurately and timely recorded into the accounting system?
2	Parks Golf Course Operations	<p><i>Audit is in the field work phase.</i></p> <ul style="list-style-type: none"> • Are Golf Course expenditures prudent and reasonable? • Are revenues collected by Golf Course operations complete, deposited in accordance with Metro Treasury policies, properly safeguarded, and recorded into the accounting system? • Is attendance at Metro Golf Course operations comparable to other comparable governmentally run golf courses? • Are Metro's Golf Course operations revenue and expenses comparable to other publically or privately run golf courses? • How satisfied are local citizens with the services provided by Metro's Golf courses?
3	Metropolitan Nashville Public Schools – Payroll	<p><i>Audit is in the reporting phase.</i></p> <ul style="list-style-type: none"> • Are only authorized, active employees being included in payroll amounts? • Are various payroll functions such as employment, timekeeping, recordkeeping, and distribution of checks properly segregated? • Are employees being paid the correct rate of pay for the correct number of hours worked? • Are payroll deductions such as Federal Income Tax, Social Security Tax, Medicare, ING contributions, Insurance

Attachment B - CY 2011 Audits In Progress Detail

* = Co-source	Department	Potential Key Audit Objectives
		<p>etc. being properly calculated and deducted from employee paychecks?</p> <ul style="list-style-type: none"> • Are payroll processes and policies in accordance with applicable laws and regulations? • Are payroll amounts supported by proper documentation? • Are payroll amounts approved by MNPS management?
*4	Metro Information Technology Services – Public Key Infrastructure	<p><i>Audit is in the planning phase.</i> <u>Certificate Services Infrastructure Review</u> Obtain reasonable assurance that the implemented certificate service infrastructure is in line with operational needs of Metropolitan Government of Nashville. This process may include, but not limited to:</p> <ul style="list-style-type: none"> • review of design documentation; • identify the scope of the services; • review certificate policy and certificate practices statement; • review implemented role services; • review pre-production testing or audit items and reports. <p><u>Security Controls Review</u> Identify and evaluate controls designed to secure the infrastructure including hardware and service modules. Possible tasks include, but not limited to:</p> <ul style="list-style-type: none"> • identify and evaluate controls over root key generation; • identify and evaluate controls over key recovery; • identify and evaluate physical security control of certificate authority; • identify potential attack surfaces; • review audit policy; • review certificate monitoring procedure.
5	Juvenile Court Clerk	<p><i>Audit is in the field work phase.</i></p> <ul style="list-style-type: none"> • Has the Juvenile Court Clerk effectively implemented prior audit recommendations? • Are expenditures prudent and reasonable? • Is revenue collected complete, deposited in accordance with Metro Treasury policies, properly safeguarded, and accurately and timely recorded into the

Attachment B - CY 2011 Audits In Progress Detail

* = Co-source	Department	Potential Key Audit Objectives
		accounting system? <ul style="list-style-type: none"> • Are child support payments properly accounted for and submitted to the appropriate party? • Is the Juvenile Court Clerk adequately retaining court documentation in accordance with state and/or local law?
6	Metro Transit Authority – Procurement to Pay Process and Contract Monitoring	<i>Audit is in the field work phase.</i> <ul style="list-style-type: none"> • Is the Metro Transit Authority properly monitoring vendor contracts to ensure compliance with contract terms? • Does the Metro Transit Authority comply with the Metropolitan Procurement Code when procuring goods and services? • Are Metro Transit Authority expenditures prudent and reasonable? • Are incompatible procurement task properly segregated? • Are expenditures properly reviewed and approved by Metro Transit Authority management?
7	Nashville Hospital Authority – Patient Billing and Collections	<i>Audit is in the field work phase.</i> <ul style="list-style-type: none"> • Are patients receiving services properly billed for each service received? • Are patients and/or insurance providers being billed in a timely manner? • Are contractual adjustments made to patient receivables in accordance with applicable contracts? • Are receivables being monitored for timely payment? • Are write-off's of receivables properly reviewed and approved by Nashville Hospital Authority management?
8	General Services - Fuel Management	<i>Audit is in the field work phase.</i> <ul style="list-style-type: none"> • Is the fuel management program providing fuel to authorized vehicles only? • Is the fuel management program properly capturing all revenues for fuel purchases by other Metro departments? • Are participating departments being properly charged for fuel purchases?
9	Electric Power Board (NES) – Payment in Lieu of Property Tax and Interlocal Agreements	<i>Audit is in the field work phase.</i> <ul style="list-style-type: none"> • Is Nashville Electric Services complying with applicable Metro Charter provisions and subsequent interlocal agreements? • Are payments in lieu of property taxes accurate?

Attachment B - CY 2012 Audits

* = Co-source	Department	Potential Key Audit Objectives
1	Convention Center Authority – Music City Convention Center Construction Contract Monitoring	<ul style="list-style-type: none"> • Are contractors complying with contract terms? • Are change orders approved by the proper authority? • Are contractors and subcontractors in compliance with wage and hour requirements? • Are invoices submitted by the contractor properly approved for payment, adequately supported, and accurately invoiced? • Are there indicators that bids from contractors are not fair and reasonable?
*2	Metro Nashville Information Technology Services - Primary Government Telecom Audit	<ul style="list-style-type: none"> • Are communication expenditures prudent and reasonable? • Do invoices agree with contracts and pricing agreements? • Are unnecessary capacities or features being paid for? • Are communication devices safeguarded? • Are required communication services delivered cost effectively and to agreed level of quality?
3	Library	<ul style="list-style-type: none"> • Are expenditures prudent and reasonable? • Are fee collections controlled and safeguarded? • Are payroll and time leave policies reasonable and being properly being adhered too? • Are performance and user demand reports accurate?
4	Metropolitan Development and Housing Authority – Procurement to Pay Process and Contract Monitoring	<ul style="list-style-type: none"> • Is the MDHA properly monitoring vendor contracts to ensure compliance with contract terms? • Does the MDHA comply with its policy and procedures when procuring goods and services? • Are MDHA expenditures prudent and reasonable? • Are incompatible procurement task properly segregated? • Are all expenditures incurred by the MDHA properly recorded into the accounting system? • Are expenditures properly reviewed and approved by MDHA management?

Attachment B - CY 2012 Audits

* = Co-source	Department	Potential Key Audit Objectives
*5	Metropolitan Nashville Public Schools - Post Custodial Services Outsourcing Review	<ul style="list-style-type: none"> • Were the expected benefits of outsourcing custodial services at the MNPS realized? • Were there any unforeseen costs associated with the outsourcing of custodial services at the MNPD?
6	Fire Department - Drug Inventory Management	<ul style="list-style-type: none"> • Is the Fire Department adequately managing its drug inventory?
7	Health Department - Drug Inventory Management	<ul style="list-style-type: none"> • Is the Health Department adequately managing its drug inventory?
8	Circuit Court Clerk - Municipal Citations Other Than Traffic Process	<ul style="list-style-type: none"> • Does the Circuit Court Clerk have functioning controls in place over processing non-traffic citations? • Are all non-traffic citations issued by applicable authorities processed and tracked to final disposition?
9	Computer Acceptable Use - (Review three entities: Office of Emergency Management, State Fair, and Metro Action Commission)	<ul style="list-style-type: none"> • Are network remote users authorized? • Are computer devices being effectively tracked? • Is sensitive data protected? • Is Metro in compliance with the terms of software license agreements? • Is non-work related files stored on Metro hardware
10	Nashville Career Advancement Center	<ul style="list-style-type: none"> • Are grant terms being followed? • Are expenditures prudent and reasonable? • Are fee collections controlled and safeguarded? • Are payroll and time leave policies reasonable and being properly being adhered too? • Are performance and user demand reports accurate?
11	Public Works - Vendor Contract / Price Agreement Compliance	<ul style="list-style-type: none"> • Do invoices agree with contracts and pricing agreements? • Are unnecessary capacities or features being paid for? • Were goods or services received?
12	District Energy System - Vendor Contract / Price Agreement Compliance	<ul style="list-style-type: none"> • Do invoices agree with contracts and pricing agreements? • Are unnecessary capacities or features being paid for? • Were goods or services received?
13	Finance Department - Metro Investment Pool	<ul style="list-style-type: none"> • How does the Metro Investment Pool work? • Are accounting entries accurate and reflective of the Metro Investment Pool

Attachment B - CY 2012 Audits

* = Co-source	Department	Potential Key Audit Objectives
		activities?
14	Historic Commission	<ul style="list-style-type: none"> • Are expenditures prudent and reasonable? • Are fee collections controlled and safeguarded? • Are payroll and time leave policies reasonable and being properly being adhered too? • Are performance and user demand reports accurate?
15	Beer Board	<ul style="list-style-type: none"> • Are expenditures prudent and reasonable? • Are fee collections controlled and safeguarded? • Are payroll and time leave policies reasonable and being properly being adhered too? • Are performance and user demand reports accurate?
C. Approved Additions		
16 ¹	General Sessions Court Probation Department	Agreed-upon Procedure to follow-up on prior audit recommendations related to revenue collection and drug testing.
17 ²	Hotel Occupancy Tax Audits	Pilot audits of individual hotel properties in Davidson County for the purpose of providing assurance service as of the accuracy and completeness of hotel occupancy tax returns.

¹ Addition approved by Metropolitan Nashville Audit Committee at the July 10, 2012 meeting.

² Addition approved by Metropolitan Nashville Audit Committee at the July 10, 2012 meeting.

Metropolitan Nashville Audit Committee

Metropolitan Nashville Code of Laws Section 2.24.300
Term - Varied
6 Members

Mr. Robert C. Brannon **Chairman**

05/07/2009 to 03/20/2013
173 Jefferson Square
Nashville TN 37215
Representing: TSCPA, Nashville Chapter

Ms. Jacobia Dowell

10/18/2011 to 09/30/2013
2609 Welshcrest Drive
Antioch TN 37013
Representing: Metro Council

Mr. Steve Glover

10/18/2011 to 09/30/2013
1101 Kermit Drive #610
Nashville TN 37217
Representing: Metro Council

Vice Mayor Diane Neighbors

09/01/2011 to 08/31/2015
One Public Square, Suite 204
Nashville TN 37201

Mr. Brack Reed

02/01/2011 to 03/20/2015
511 Union Street, Suite 1400
Nashville TN 37219
Representing: Nashville Area Chamber of Commerce

Mr. Richard M. Riebeling

09/01/2011 to 08/31/2015
One Public Square, Suite 106
Nashville TN 37201
Representing: Director of Finance

**METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY
METROPOLITAN AUDIT COMMITTEE BYLAWS**

PURPOSE

The Metropolitan Audit Committee is to ensure that the Metropolitan Government of Nashville and Davidson County (Metro Nashville) has effective, efficient, and sustainable internal controls over its major risks.

SCOPE

The Metropolitan Audit Committee (Committee) is authorized to conduct financial audits, performance audits or other audit services, including disposition of fraud incidents, concerning any department, board, commission, officer or agency of the Metropolitan Government. Departments, boards, commissions, officers and agencies of the Metropolitan Government means those entities which encompass all of the governmental and corporate functions previously performed by Davidson County and the City of Nashville existing at the formation of the Metropolitan Government, and any public entity whose existence is created or authorized by the Metropolitan Charter or the Metropolitan County Council.

RESPONSIBILITIES

Financial Statements

- Review the results of audits, including any difficulties encountered, and follow up as appropriate.
- Review with Metro Nashville management and the external auditors all matters requiring communication to the Committee under generally accepted auditing standards.

Risk Management and Internal Control

- Understand the scope of internal and external auditors' reviews of internal controls over financial reporting and government service activities, and obtain reports on significant observations and recommendations, together with department, board, commission, officer or agency management's responses.
- Engage with Metropolitan Auditor in performing a Metro Nashville entity-wide risk assessment to form an audit work plan.
- Meet with auditee after issuance of audit report by Metropolitan Auditor to discuss observations. Hold follow-up to monitor corrective actions implemented by auditee.

Internal Audit

- Review and approve the audit plan and all major changes to the plan.
- Review and approve the Division of Metropolitan Audit Bylaws annually.

**METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY
METROPOLITAN AUDIT COMMITTEE BYLAWS**

- Assure continued independence of Metropolitan Auditor. Ensure there are no unjustified restrictions or limitations to the discharge of internal audit responsibilities.
- Review annually the activities, staffing and organizational structure of the internal audit function.
- Review the effectiveness of the internal audit function, including compliance with generally accepted government auditing standards.
- Recommend the appointment of the Metropolitan Auditor.
- For cause remove the Metropolitan Auditor.
- At least once per year, review the performance of the Metropolitan Auditor and concur with the annual compensation and salary adjustment.

Reporting Responsibilities

- Issue annual report to the Council and Mayor regarding Committee activities, issues and related recommendations.
- Provide an open avenue of communication between internal audit, the external auditors, and department, board, commission, officer or agency management.
- Review any other Government issued reports related to committee responsibilities.

Other Responsibilities

- Ensure committee members undergo appropriate orientation upon appointment.
- Review and assess the adequacy of the committee bylaws annually, requesting approval for proposed changes, and ensuring appropriate disclosure as may be required by law or regulation.
- Confirm annually that all responsibilities outlined in these bylaws have been carried out.

COMPOSITION

The composition and selection of committee members will follow the provisions provided in Metropolitan Code of Law, Section 2.24.300(E) Division of Metropolitan Audit.

MEETINGS

The Committee will meet at least once per quarter, with authority to convene additional meetings, as circumstances require. The Committee will invite members of department, board, commission, officer or agency management, auditors or others to attend meetings and provide pertinent

**METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY
METROPOLITAN AUDIT COMMITTEE BYLAWS**

information as necessary. Meeting agendas along with appropriate briefing materials will be prepared and provided in advance to members by the Metropolitan Auditor. Minutes will be prepared by the Metropolitan Auditor.

**METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY
DIVISION OF METROPOLITAN AUDIT BYLAWS**

PURPOSE

The Division of Metropolitan Audit, commonly referred to as the Metropolitan 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 Government of Nashville and Davidson County (Metro Nashville.)

SCOPE

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The Metropolitan Auditor shall conduct financial, performance, or other audit services in order to independently and objectively determine whether:

- Risks, including safety, environment, fiscal, information technology and fraud, are appropriately identified and managed
- Programs, plans and objectives are achieved
- Significant financial, managerial and operating information is accurate, reliable and timely
- Activities and programs are being conducted in compliance with policies, standards, procedures and applicable local, state and federal laws or regulations
- Resources are acquired economically, used efficiently and protected adequately
- Quality and continuous improvement are fostered in Metro Nashville's control environment
- Interaction with the various governance groups occurs as needed
- External auditors' proposed audit scope and approach supplement internal audit efforts
- Activities indicate fraud, abuse or illegal acts which need further investigation
- Computer-based systems incorporate adequate controls

**METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY
DIVISION OF METROPOLITAN AUDIT BYLAWS**

The Metropolitan Auditor shall have authority to:

- Review the effectiveness of internal controls for monitoring compliance with laws and regulations
- Review the observations of any examinations by regulatory agencies, and any auditor observation
- Review the process for communicating the code of conduct to Government personnel
- Obtain regular updates from department, board, commission, officer or agency management regarding compliance matters

The Metropolitan Auditor shall have authority to accept requests from management to perform special administrative reviews, special projects, and advisory services.

AUDIT SCHEDULE

At the beginning of each calendar year, the Metropolitan Auditor shall submit a twelve month audit schedule to the Metropolitan Audit Committee for review and approval. The schedule shall include the proposed plan for auditing departments, boards, commissions, officers, agencies, activities, systems, processes and subcontractors for the subsequent twelve months. This schedule may be amended during the period after review with the Metropolitan Audit Committee. Additionally, the Metropolitan Auditor may independently initiate and conduct any other audit deemed necessary with subsequent approval by the Metropolitan Audit Committee.

The schedule will ensure audit activities have been directed toward the highest exposure to risk and toward increasing efficiency, economy and effectiveness of programs. In the selection of audit areas and audit objectives, the determination of audit scope and the timing of audit work, the auditor will consult, as needed, with federal and state auditors, external auditors and other Metro Nashville monitoring functions so that the desirable audit coverage is provided and audit effort is properly coordinated.

REPORT OF IRREGULARITIES

If, during an audit, the auditor becomes aware of fraud, abuse or illegal acts, the Metropolitan Auditor shall report the irregularities to the Metropolitan Audit Committee, the Department of Law, the Mayor and the Tennessee Comptroller of the Treasury. If it appears that the irregularity is criminal in nature, the auditor shall notify the appropriate authority in addition to those officials previously cited.

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NASHVILLE AND DAVIDSON COUNTY
DIVISION OF METROPOLITAN AUDIT BYLAWS**

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NASHVILLE AND DAVIDSON COUNTY
DIVISION OF METROPOLITAN AUDIT BYLAWS**

ANNUAL REPORT

The Metropolitan Auditor shall submit an annual report to the Metropolitan Audit Committee, during the fourth quarter of each year, indicating audits completed, major concerns, corrective actions taken, and significant observations that have not been fully addressed by audited department, board, commission, officer or agency management. Additionally, the report will indicate whether there are any unwarranted restrictions on the staffing of the internal audit activity or on access by internal auditors to all organization activities, records, property and personnel.

CONTRACT AUDITORS, CONSULTANTS AND EXPERTS

Within budget limitations, the Metropolitan Auditor may obtain the services of qualified financial or management consultants, or other professional experts necessary to perform the Metropolitan Auditor's duties. An audit that is performed by contract must be conducted by persons who have no financial interests in the affairs of the entity under review. The Metropolitan Auditor will coordinate and monitor auditing performed by public accounting or other organizations employed under contract by the Division of Metropolitan Audit.

INDEPENDENCE

To provide for the independence of the Division of Metropolitan Audit, its personnel report to the Metropolitan Auditor, who reports administratively and functionally to the Metropolitan Audit Committee as established in the Metropolitan Code of Law, Section 2.24.300 Division of Metropolitan Audit.

In all matters relating to audit work, the Division of Metropolitan Audit and the audit staff should be free from personal, external and organizational impairments to independence and must avoid the appearance of such impairments of independence. The Metropolitan Auditor and audit staff have neither direct authority over, nor responsibility for, any of the activities reviewed.

STANDARDS OF AUDIT PRACTICE

The Metropolitan Auditor shall conduct work in accordance with Government Auditing Standards established by the United States Government Accountability Office.

**METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY
DIVISION OF METROPOLITAN AUDIT BYLAWS**

FUNDING

The Division of Metropolitan Audit shall submit budget proposals, in accordance with procedures established by the Metropolitan Director of Finance that are sufficient to carry out the responsibilities and functions established in the Metropolitan Code of Law, Section 2.24.300 Division of Metropolitan Audit.

RECORDS

The Metropolitan Auditor shall retain for ten years (or longer if so directed by statute or ordinance), a complete file of each audit report and each report of other examinations, surveys and reviews made under legislative authority. The file should include audit working papers and other supportive material directly pertaining to the audit report.

REASSESSMENT

The Division of Metropolitan Audit Bylaws will be reviewed and reassessed annually by the Metropolitan Audit Committee.

Metro Government of Nashville and Davidson County, Tennessee, Code of Ordinances >> - THE CODE OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE >> **Title 2 - ADMINISTRATION >> Division I. - Council, Offices, Officers and Departments >> Chapter 2.24 - DEPARTMENT OF FINANCE >> Article IV. - Division of Metropolitan Audit >>**

Article IV. - Division of Metropolitan Audit

[2.24.300 - Division of metropolitan audit.](#)

2.24.300 - Division of metropolitan audit.

- A. There shall be, as an independent agency of the metropolitan government, a division of metropolitan audit, the director of which is designated as the metropolitan auditor. The metropolitan auditor shall be a person:
1. With a well founded reputation in government or public finance and the audit function as may be exhibited by a record of exceptional performance for at least five years as a financial officer of a government or business;
 2. Who has, through education and experience as an accountant, auditor, CFO, controller or principal accounting officer of a governmental entity or private business an understanding of Generally Accepted Accounting Principles, Governmental Auditing Standards Board standards, financial statements, internal controls and procedures for financial reporting, and the audit functions of a governmental entity.
- B. The metropolitan auditor shall be appointed by a majority vote of the council from a list of three persons recommended by the audit committee whom the audit committee deems best qualified and available to fill the position. If the council deems that the persons recommended by the audit committee to serve as metropolitan auditor are not suitable and/or qualified, the council shall reject the names submitted and the audit committee shall recommend three additional persons deemed qualified and available to fill the position. The metropolitan auditor shall serve a term of eight years but shall be subject to removal for cause during the term by a vote of four members of the audit committee. The first term of the metropolitan auditor will end on June 30, 2014, regardless of whether the full eight years has been served. A vacancy occurring during a term shall be filled temporarily with a qualified acting metropolitan auditor by the majority vote of the audit committee. The filling of the vacancy for the remainder of a term and for any new term shall be filled by a majority vote of the council through the process provided in this section. The compensation for the metropolitan auditor shall be established as part of the general pay plan provided by Section 12.10 of the Metropolitan Charter.
- C. The metropolitan auditor shall conduct, or cause to be conducted financial, performance and other audit services following Government Auditing Standards established by the United States Government Accountability Office, and the metropolitan auditor shall follow the independent and other professional standards established and published under Government Auditing Standards.
- D. The metropolitan auditor shall appoint and remove, subject to the civil service provisions of article 12 of this Charter, all officers and employees of the division.
- E. There shall be a metropolitan audit committee which shall be composed of six members, as follows: The vice mayor and the director of finance shall be members by virtue of their official positions. Two members of the metropolitan county council shall be selected by that body from its membership to serve a two-year term. One member shall be selected by the Nashville Area Chamber of Commerce to serve a four-year term. One member shall be selected by the Nashville Chapter of the Tennessee Society of Certified Public Accountants to serve a four-year term except that the member first selected shall serve a two year term. Members shall be eligible to succeed themselves. The General Provisions of Article 11, Chapter 1, of this Charter shall be applicable to the audit committee unless otherwise specified in this section.
- F. The audit committee will oversee the annual audit plan, fix the compensation of the metropolitan auditor, and review and evaluate at least annually the performance of the metropolitan auditor.
- G. All audit reports issued by the metropolitan auditor are public documents and shall at all times, during business hours, be open for personal inspection by any citizen of Tennessee.

(Ord. BL2007-1318 § 2, 2007)

Sec. 8.121. - Division of metropolitan audit.

- A.** There shall be, as an independent agency of the metropolitan government, a division of metropolitan audit, the director of which is designated as the metropolitan auditor. The metropolitan auditor shall be a person:
- 1.** With a well founded reputation in government or public finance and the audit function as may be exhibited by a record of exceptional performance for at least five (5) years as a financial officer of a government or business;
 - 2.** Who has, through education and experience as an accountant, auditor, CFO, controller or principal accounting officer of a governmental entity or private business an understanding of Generally Accepted Accounting Principles, Governmental Auditing Standards Board standards, financial statements, internal controls and procedures for financial reporting, and the audit functions of a governmental entity.
- B.** The metropolitan auditor shall be appointed by a majority vote of the council from a list of three (3) persons recommended by the audit committee whom the audit committee deems best qualified and available to fill the position. If the council deems that the persons recommended by the audit committee to serve as metropolitan auditor are not suitable and/or qualified, the council shall reject the names submitted and the audit committee shall recommend three (3) additional persons deemed qualified and available to fill the position. The metropolitan auditor shall serve a term of eight (8) years but shall be subject to removal for cause during the term by a vote of four (4) members of the audit committee. The first term of the metropolitan auditor will end on June 30, 2014, regardless of whether the full eight (8) years has been served. A vacancy occurring during a term shall be filled temporarily with a qualified acting metropolitan auditor by the majority vote of the audit committee. The filling of the vacancy for the remainder of a term and for any new term shall be filled by a majority vote of the council through the process provided in this section.
- C.** The metropolitan auditor shall conduct, or cause to be conducted financial, performance and other audit services following Government Auditing Standards established by the United States Government Accountability Office, and the metropolitan auditor shall follow the independence and other professional standards established and published under Government Auditing Standards.
- D.** The metropolitan auditor shall appoint and remove, subject to the civil service provisions of article 12 of this Charter, all officers and employees of the division.
- E.** There shall be a metropolitan audit committee which shall be composed of six (6) members, as follows: The vice mayor and the director of finance shall be members by virtue of their official positions. Two (2) members of the metropolitan county council shall be selected by that body from its membership to serve a two (2) year term. One (1) member shall be selected by the Nashville Area Chamber of Commerce to serve a four (4) year term. One (1) member shall be selected by the Nashville Chapter of the Tennessee Society of Certified Public Accountants to serve a four (4) year term except that the member first selected shall serve a two (2) year term. Members shall be eligible to succeed themselves. The general provisions of article 11, chapter 1, of this Charter shall be applicable to the audit committee unless otherwise specified in this section.
- F.** The audit committee will oversee the annual audit plan and will review and evaluate at least annually the performance of the metropolitan auditor.
- G.** All audit reports issued by the metropolitan auditor are public documents and shall at all times, during business hours, be open for personal inspection by any citizen of Tennessee.

(Added by Amdt. 3 to referendum petition approved November 7, 2006)

**METROPOLITAN GOVERNMENT OF NASHVILLE
AND DAVIDSON COUNTY
METROPOLITAN AUDIT COMMITTEE**

SELECTED METRO CHARTER and CODE SECTIONS RELATED TO AUDIT

Council

Metro Charter Section 3.06 – Authority and power of the council.

“...the council is authorized by resolution passed by a three-fourths (3/4ths) majority of its entire membership and not subject to veto power of the mayor to **conduct investigations** by the whole council or any of its committees; to employ and compensate personnel necessary for such purpose; and to make appropriations therefore.

Metro Charter Section 6.15 – The Budgets and Financial Matters, Post audit.

“The council shall provide annually for an **independent audit** of the accounts and other evidences of financial transactions of the metropolitan government and of its every department, office and agency.”

“The independent audit shall be made by a firm chosen by a three member **audit board**. This board shall consist of the presiding officer of the council, the chairman of the finance committee of the council, and the chairman of the metropolitan board of education.”

“The council may at any time **order an examination or special audit** of any department, office or agency of the government.”

Metro Code 2.04.033 – Metropolitan Council

“Members of the **council** office shall have **full access to books, records and reports** of all departments, boards, commissions and agencies of the metropolitan government.”

Mayor and Department of Metropolitan Finance

Metro Charter Section 5.03 – Power and authority of mayor.

“The mayor shall be authorized at any reasonable time to **examine and inspect** the books, records, and official papers of any department, board, commission, officer or agency of the metropolitan government; and to attend the meeting of any board or commission and make suggestions thereto.”

Metro Charter Section 8.103 – Department of Metropolitan Finance, Same-Powers and duties.

“Periodically **inspect and audit** the accounts and records of **financial transactions** maintained in each department, office and agency of the metropolitan government.”

Metro Code 2.24.020 Director of finance--Powers and duties.

“The powers, duties and compensation of the director of finance shall be those set out Sections 8.102 and 8.103 of the Metropolitan Charter and as may be provided by ordinance consistent with the Metropolitan Charter.”

**METROPOLITAN GOVERNMENT OF NASHVILLE
AND DAVIDSON COUNTY
METROPOLITAN AUDIT COMMITTEE**

SELECTED METRO CHARTER and CODE SECTIONS RELATED TO AUDIT

Division of Metropolitan Audit

Metro Charter Section 8.121 – *Related Fiscal Provisions, Division of metropolitan audit; and Metro Code 2.24.300 Division of metropolitan audit.*

(A) “There shall, be as an independent agency of the metropolitan government, a division of metropolitan audit, the director which is designated as the metropolitan auditor....”

(C) “The metropolitan auditor shall conduct, or cause to be conducted **financial, performance and other audit services** following **Government Auditing Standards** established by the United States Government Accountability Office, and the metropolitan auditor shall follow the independence and other professional standards established and published under Government Auditing Standards.”

(F) “The **audit committee** will **oversee the annual audit plan** and will review and evaluate annually the performance of the metropolitan auditor.”

Tennessee Code Annotated

T.C.A. 9-3-405 Establishment of audit committee

(a) “**Local governments are encouraged to consider establishing an audit committee.**”

(b) “The governing body of the local government shall create the audit committee. The audit committee members shall be external to management and may be members of the governing body, citizens from within the boundaries of the local government, or a combination of both. **Members of the audit committee shall be selected by the legislative body. The audit committee shall establish responsibilities and duties that are stated in a resolution approved by the legislative body. The responsibilities and duties, at a minimum, shall address financial and other reporting practices, internal control, compliance with laws and regulations, and ethics.** The resolution creating the duties and responsibilities of the audit committee shall be submitted to the comptroller prior to approval by the legislative body...if an audit committee was created by a legislative body whose charter requires charter changes to be approved in a referendum, and if such actions occurred and were approved in a referendum prior to January 1, 2011, then such an audit committee shall be considered created pursuant to this part.”

(c) “...shall abide by the notice requirements adhered to by the local government...”

(d) “...the audit committee may hold confidential, non-public executive sessions to discuss the following items...”

T.C.A. 9-3-406

(a) An **audit committee** created pursuant to this chapter shall **establish a process** by which employees, taxpayers or other **citizens may confidentially report suspected illegal, improper, wasteful or fraudulent activity.** The detailed information received pursuant to such a report of

**METROPOLITAN GOVERNMENT OF NASHVILLE
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METROPOLITAN AUDIT COMMITTEE**

SELECTED METRO CHARTER and CODE SECTIONS RELATED TO AUDIT illegal, improper, wasteful or fraudulent activity or any investigation of this activity, except those matters disclosed in the final reports, shall be considered audit working papers and shall be confidential under the provisions of title 10, chapter 7.”

T.C.A. 9-4-304

(9) “Establish **minimum standards** for the performance of audits by the **internal audit staffs of local governments**, special taxing districts, utility districts, political subdivisions, state departments, boards, commissions, institutions, agencies, authorities or other entities of the state. These standards, which shall be established by the comptroller of the treasury, shall include “Standards for the Professional Practice of Internal Auditing” published by the Institute of Internal Auditors, Inc., or such **other standards as may be approved by the comptroller of the treasury**. All audit reports issued by such internal audit staffs shall include a statement that the audit was conducted pursuant to these standards.

Notwithstanding any law to the contrary, **working papers created, obtained or compiled by an internal audit staff are confidential and are therefore not an open record** pursuant to Title 10, Chapter 7.”

T.C.A. 8-4-501-505

Local Government Instances of Fraud Reporting Act

8-4-503 (a) A public official with knowledge based upon available information that reasonably causes the public official to believe that unlawful conduct has occurred shall report the information in a reasonable amount of time (defined as not exceeding 5 working days in definition) to the office of the comptroller if the treasury.

8-4-505 The detailed information received and generated pursuant to this part shall be considered confidential working papers of the comptroller of the treasury and is therefore **not an open record** pursuant to title 10, chapter 7.

Other Related Provisions

Charter Appendix Two, Electric Power Board, Article 42, 12

“With reference to the properties, rights, and interests of the metropolitan government, to be acquired by or operated under the provisions of this article, as is herein otherwise provided, all agreements, contracts, transfers and conveyances in connection therewith, shall be made and executed, and **all such properties shall be acquired, held, owned and transferred and conveyed in the name of the Metropolitan Government of Nashville and Davidson County,** ...”

Charter Appendix Two, Electric Power Board, Article 42, 18

“That said electric power board of the metropolitan government shall have **exclusive management and control of the operation** of said electric power plan and/or distribution system.”

Charter Appendix Two, Electric Power Board, Article 42, 24

**METROPOLITAN GOVERNMENT OF NASHVILLE
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METROPOLITAN AUDIT COMMITTEE**

SELECTED METRO CHARTER and CODE SECTIONS RELATED TO AUDIT
“That **neither the mayor, the metropolitan council, nor any other officer, department board or commission of the metropolitan government, shall have or exercise and authority whatsoever over the electric power board created under the terms and provisions of this Charter**, other and except to the extent herein expressly provided, and the provisions of this article shall prevail over any conflicting provisions appearing in any other article in this Charter.”

Charter Appendix Four, Transit Authority, Article 64, 6 (f)

“The metropolitan treasurer shall keep accurate records and books dealing with the separate accounts of metropolitan transit authority.... Such books and records shall be **open to inspection and examination by accountants or auditors** of the metropolitan government as all books and records of the metropolitan treasurer are inspected.”

“The books and records of the secretary of the authority likewise shall be **open to inspection and examination by the accountants or auditors** of the metropolitan government.”