

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



***METROPOLITAN AUDIT COMMITTEE
WORKBOOK***

December 11, 2012

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**METROPOLITAN NASHVILLE
METROPOLITAN AUDIT COMMITTEE MEETING AGENDA
(Revised 12/6/2012)
December 11, 2012 4:00 p.m.**

**Committee Room 4
205 Metropolitan Courthouse**

- I. Call Meeting to Order
- II. Approval of Minutes for the September 25, 2012, Meeting, (Bob Brannon – Committee Chairman)
- III. New Business
 - External auditor presentation FY 2012 CAFR (Crosslin & Associates, P.C.)
 - Discussion on Agreed-Upon Procedure for the General Sessions Court Probation Office report issued September 27, 2012 (Mark Swann – Metropolitan Auditor)
 - Discussion on Audit of the Acceptable Use of Information Technology Assets – Nashville Expo Center audit report issued September 28, 2012 (Mark Swann – Metropolitan Auditor)
 - Discussion on Audit of the Acceptable Use of Information Technology Assets – Office of Emergency Management audit report issued November 29, 2012 (Mark Swann – Metropolitan Auditor)
 - Discussion on Audit of Contract Monitoring Process at Metro Nashville Public Works audit report issued October 2, 2012 (Mark Swann – Metropolitan Auditor)
 - Discussion on the Information Technology Services' Certificate Service audit report issued October 19, 2012 (Mark Swann – Metropolitan Auditor)
 - Discussion on Audit of Metro Nashville's Motor Fuel Usage audit report issued October 25, 2012 (Mark Swann – Metropolitan Auditor)
 - Discussion on the Audit of Nashville Fire Department Drug Inventory audit report issued October 26, 2012 (Mark Swann – Metropolitan Auditor)
 - Discussion on the Audit of Nashville Career Advancement Center audit report issued November 27, 2012 (Mark Swann – Metropolitan Auditor)
 - Discussion on the Audit of the Metropolitan Nashville Historical Commission audit report issued December 3, 2012 (Mark Swann – Metropolitan Auditor)
- IV. Old Business
 - Hotel Occupancy Tax Audits (Mark Swann – Metropolitan Auditor)
 - 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
(Revised 12/6/2012)
December 11, 2012 4:00 p.m.**

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

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

- Office of Internal Audit Performance Report November 1, 2011 to October 31, 2012
- FY 2013 Budget
- Staffing

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

- Propose 2013 Meeting Dates

IX. Adjournment of public meeting – Next meeting Tuesday, February 12, 2013.



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

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

September 25, 2012

DRAFT MINUTES

On Tuesday, September 25, 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, Council Member
Diane Neighbors, Vice-Mayor

Others

Mark Swann, Metropolitan Auditor
Carlos Holt, Internal Audit Manager
Jack Henry, Internal Auditor
Albert U. Tieche, Administrator of Elections
J. Dell Crosslin, Crosslin & Associates, P.C.
Rich Lockwood, Crosslin & Associates, P.C.
Rachelle Gallimore-Scruggs, Department of Law

Committee Member Absent

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 July 10, 2012, were approved.

New Business

Discussion on Council members' request dated September 4, 2012, for an audit of Davidson County Election Commission Use of Electronic Polling Books (Mark Swann – Metropolitan Auditor)

The Metropolitan Auditor met with the Davidson County Administrator of Elections, Albert Tieche two weeks ago and discussed the issue leading up to this request. Subsequent to this meeting, Mr. Tieche had a meeting with Metropolitan Nashville Council members to explain the events that created the problem at the August 2, 2012, election concerning the use of electronic poll books from Election Systems and Software. Mr. Tieche's internal review revealed that three voting precincts were problematic with the voter history tally and the voting machine tally. He indicated this was a result of poll worker operator error and changes made to the electronic poll book software to facilitate a process improvement request for users of the software in closed primary states. This resulted in the party in order of precedence, in this case the Republican

party, being used on the voter application when one was not declared by the voter or poll administrator.

Mr. Swann stated all parties believe an independent internal audit is warranted of the events that occurred at the August 2, 2012, election. However, the Davidson County Administrator of Elections, Mr. Tieche, has requested that due to November presidential pre-election processing requirements, this audit be delayed until after the election. Additionally, the Metropolitan Auditor recommended the audit's scope consist of the entire election process, including manual and automated computer controls relied upon to ensure election integrity.

Ms. Neighbors said that she thinks that everyone was in agreement that the audit should be after the election in November. Ms. Dowell added that she thought everyone was comfortable with doing the audit after the election. Mr. Swann said that several council members had told him that they were concerned about the whole process. The audit should be a good independent objective review of the controls that Metro places reliance on to ensure the integrity of the election process. Just like any process there is a risk of something going wrong, so the goal is to minimize risk to the greatest extent possible.

Ms. Neighbors said that she thought it was the whole acquisition process of the books, the procedures for purchasing and then also anything that happened during the day of the primary. Ms. Neighbors then made the motion and it was seconded that the Office of Internal Audit revise the Office of Internal Audit 2012 Work Plan to include one more audit to facilitate this request and a response be made to the Metropolitan Nashville Council. The motion carried.

Ms. Dowell inquired about using the electronic poll books for this upcoming election because she knows that part of the concerns were around the process and procedures for using the electronic poll books. This was one of the reasons for the request for the audit. It was her understanding that this upcoming election was not using the electronic poll books other than maybe to look up something.

Mr. Riebeling said that was correct and they will be using traditional paper poll books. The Election Commission will still have one electronic poll book in every poll to look up voters that have had a change of address. There were no additional questions by the committee.

Discussion on Juvenile Court Clerk's Office audit report issued August 9, 2012 (Mark Swann – Metropolitan Auditor)

The Juvenile Court Clerk's Office budget for FY2011 was \$1.5 million which allowed the Office to process records related to 46,649 cases; collect fees and fines of \$675,000; process child support of \$2.0 million; and manage a \$1.9 million victims' compensation trust fund portfolio. The audit period included fiscal year 2010, 2011, and the first half of 2012.

The Office of Internal Audit was unable to render an opinion on the completeness of revenue collections for fines and fees along with receipts for child support due to documentation not being available for several months of activity. It was presumed that the documentation was destroyed as a result of the May 2010 flood. Seventy-seven percent of respondents to a survey strongly agreed that service received at the Juvenile Court Clerk's Office was effective.

Key recommendations related to: segregation of duties in the cash collections and recording of cash receipts process; posting cash receipts accounting transactions within two business days; retaining adequate documentation; limiting individual employees' abilities to make changes to

accounting sub-systems without adequate approval; and documenting the victims' trust fund investment policy. Management of the Juvenile Court Clerk's Office was responsive to all Office of Internal Audit recommendations. There were no questions by the committee.

Discussion on Metropolitan Transit Authority Procure-to-Pay Process audit report issued August 10, 2012 (Mark Swann – Metropolitan Auditor)

This was a review of the Metropolitan Transit Authority (MTA) procurement process. Between FY 2010 and FY 2011 MTA processed over 18,000 payment vouchers totaling \$60.8 million, \$23 million was for bus purchases and \$6.8 million for fuel. Purchase Orders were managed through the Ron Truly fleet management systems and invoices were paid after a successful two-way or three-way match was completed using MTA's Sage ACCPAC accounting system.

Emerging internal control risks observed included a significant number of purchase orders being created after the invoice for goods or services was received. This was true for 46 percent of our sample. One explanation provided was that most of these purchases could be related to the emergency purchases for the May 2010 flood. However, documentation was lacking on these orders to confirm this claim. Approval of purchase requisitions was not discernible or was missing for 15 of 85 sampled items (17 percent). Also, a significant number of invoices were not paid on time per the invoice due date, which resulted in 197 of 208 (95 percent) invoices with payment discount terms being missed. Also, the temporary Accounts Payable Manager was using the computer user account of the recently retired Accounts Payable Manager, thus diminishing individual accountability of accounts payable computer activity. MTA management was responsive to all Office of Internal Audit recommendations.

There were no questions by the committee.

Discussion on Metro Public Health Department Drug Inventory Management audit report issued August 10, 2012 (Mark Swann – Metropolitan Auditor)

The Metro Public Health Department Pharmacy Services holds a retail and wholesale pharmacy license. The retail pharmacy is located at Metro's Lentz Public Health Center. Indigent patients can fill prescriptions for free or a \$7 co-payment. The wholesale license serves the distribution of medications to the three Metro Nashville public health clinics (*only Schedule IV and V drugs, no "controlled" substances*). Additionally, the Metro Animal Care and Control veterinarian orders and dispenses medicine (*includes Schedule II and III controlled substances*) to animals. For fiscal year 2012, drug expenditures were \$270,000 for pharmacy services and \$44,000 for animal care or a total of \$314,000.

The audit found that Metro Public Health needed to improve its management of drug on-hand inventory. Records were maintained of medications as they were being dispensed. However, periodic reconciliations of drugs on-hand with purchases and dispensations were not performed. Existing computer system functionality was not used to record purchased inventory. Improvement in documenting the disposal of expired drugs was also needed as drugs were properly disposed of but no records were kept as to precisely what was disposed of (including controlled drugs).

Management of the Metro Public Health Department was responsive to all Office of Internal Audit recommendations.

Mr. Riebeling asked if the Office of Internal Audit will follow-up with the Metro Public Health Department Drug Inventory Management to determine their progress on the corrective action.

Mr. Swann said that the Office of Internal Audit will follow-up through a self-reporting system that asks audit clients about the progress of their corrective action plan and the issue stays open until they indicate they have completed the job. In the annual report, there's a chart of how many recommendations are still open. As audits are performed, like the Juvenile Court Clerk audit, verification of corrective action is performed. There are some shops that do make it their policy to verify after 90 days. The Office of Internal Audit resources are limited, so when the audit client indicates they did take corrective action, they are taken at their worded statement that they actually completed the action.

There were no additional questions by the committee.

Discussion on Music City Convention Center Construction Project interim audit report issued August 14, 2012 (Mark Swann – Metropolitan Auditor)

This was the fifth interim report for the Music City Convention Center Construction project. As of July 11, 2012, 82 percent of the \$585.8 million budget had been paid or \$480.5 million paid out. This audit focused on reviewing the administrative controls over the Owner Controlled Insurance Program (OCIP) which provides project specific insurance coverage including commercial general liability, umbrella/excess liability, builder's risk, employer's liability, and workers' compensation.

The OCIP budgeted cost was \$5.7 million based on initial total labor costs of \$68 million. Recently it was determined that the labor costs estimate will come up short. However, current budget contingency should absorb additional OCIP expenditures. Also, the Hartford Insurance Company has started auditing submitted payrolls for closed contractors and sub-contractors.

It was the Office of Internal Audit's opinion that OCIP was effectively managed by the Convention Center Authority Project Management staff and the OCIP Administrator. Contractor and subcontractor records, totaling \$47.5 million in contract value, were reviewed for 28 OCIP participants to determine the level of compliance with program requirements. No exceptions were observed. Management of the Convention Center Authority Project Management Office was responsive to all Office of Internal Audit recommendations.

Mr. Riebeling asked if the Office of Internal Audit will do some audit work after the fact when the Convention Center opens on May 1. Mr. Swann said that the Office of Internal Audit will have some funds for consulting work that needs to be directed and it might be good to have a close out audit.

There were no additional questions by the committee.

Discussion on Metropolitan Nashville Public Schools Custodial Outsourcing audit report issued August 15, 2012 (Mark Swann – Metropolitan Auditor)

The Metropolitan Nashville Public Schools (MNPS) custodial and grounds keeping outsourcing contract and financial savings projections were reviewed as part of this audit. The contract with GCA Services Group for \$22.7 million per year represents 3.6 percent of MNPS' fiscal year 2011 budget. As a result of this contract, 586 custodial and grounds keeping employees resigned, retired, or were laid off.

The audit identified 209 (36 percent) former MNPS employees who were hired by GCA Services Group. Additionally, using Bureau of Labor Statistics and GCA payroll records, the audit found that GCA Services Group pays more in hourly wages and benefits than the private sector pays but less than the government sector. This will normally hold true for most hourly labored classified job categories in the Metro Nashville Government.

The Office of Internal Audit was able to verify that projected annual budgeted cost savings of at least \$6.5 million were realized through this outsourcing arrangement. Performance report card grades prepared by MNPS principals were "A" or "B" 94 percent of the time. An audit survey of 15 principals provided an overall average grade of "B".

The audit recommended that MNPS formalize a monitoring plan for this contract to document how the specific contract terms and pricing would be monitored. Subsequent to the release of the audit report, a written contract monitoring plan was developed.

Ms. Dowell stated there is more cost associated than just savings; there are some other intrinsic costs. Personally with the outsourcing, the schools in Ms. Dowell's district are not as clean. When she goes in them they're not as tidy as they were when whoever else was doing it. Ms. Dowell said she wasn't here when they had the big discussion about outsourcing. Mr. Swann stated again that 94 percent of the time the MNPS own internal staff and the Office of Internal Audit small survey of 15 principals gave an overall average grade of "B" and above. Ms. Dowell suggested the community needs to drive by the schools and go in there. She said she would take some pictures and send them to the Office of Internal Audit. She also said that people are not always going to answer honestly when employees are working in your building. They will be biased. Ms. Dowell said that she was anti-outsourcing and it causes a lot of problems.

There were no additional questions or comments by the committee.

Discussion on Hotel Occupancy Tax Audit Approach (Mark Swann – Metropolitan Auditor)

The Office of Internal Audit has completed a pilot audit of three hotels. The hotels included Brentwood Suites (56 rooms), Quality Inn & Suites (173 rooms), and Embassy Suites – Vanderbilt (208 rooms). A review of ten months indicated potential underreporting of hotel property revenue due to calculation errors, missing documentation or application of exemptions to room tax.

Initial results showed that large hotels had sophisticated software for hotel operations with little paper documentation to support rented room nights. This results in an audit skewed more to the surrounding general and application computer controls to place reliance on reports produced by the software. Medium and small hotels are more likely to have a manual system and employees with less knowledge of documentation required to be maintained for hotel occupancy tax audits.

Based on these three initial hotel audits we estimate that it would require 7,800 work hours to audit all 298 hotels (properties in the three year audit scope) in one year. If 2,200 hours were allocated annually, approximately 75 properties could be reviewed resulting in a four year cycle to audit all hotel properties. This briefing is for information purposes only and no motion is required. We still have half of the 800 hours available to continue this project for the remainder of this year.

Mr. Lockwood said if he understands the law, that you only get a three year look back so it might be in the governments best interest to concentrate on high risk hotels that are

approaching that three year window before it closes; otherwise, if it closes you can't capture that revenue.

Mr. Reed asked if that statute applied to all situations. If it's fraud or intentional, he thinks, it wouldn't apply. Mr. Swann said the Department of Law was requested for an interpretation whether it was for three years or 36 rolling months.

The Office of Internal Audit is trying to see if the hotel operator is making a good faith effort going backward in time and hope to repair any leakage going forward. To do all the hotels would be time consuming and would take all of the Office of Internal Audit resources to do all of them in one year. As we learn more we will come back and re-visit this subject.

There were no additional questions or comments by the committee.

Discussion on Annual Metro-Wide Audit Risk Priority Assessment (Mark Swann – Metropolitan Auditor)

The committee was asked to review Attachment D, 2012 Risk Prioritization Service Delivery Objectives and associated risk. The 2013 annual work plan preparation will be starting up next month and it will be beneficial to have the committee members review the risk and the impact assumptions used in the annual assessment.

Ms. Dowell asked about item #2 on page 36 of the agenda workbook regarding the risk of "Favoritism in employment selection or promotion process." She asked Mr. Swann how that is measured looking at equality. Mr. Swann said that the metric used to measure the impact was the number of employees. If an entity has more than 500 employees, the entity will receive a high score. If between 50 and 500 full-time equivalent (FTE) employees, it will get a medium score, and if less than 50 FTE it will get a low score. If there are more employees there is more opportunity for favoritism. Ms. Dowell asked if any measurement was done looking at employee promotions for example how many women are in managerial positions. Mr. Swann said we are not doing that for the risk assessment process but the number of positions posted department wide might be something to add to the assessment.

Ms. Dowell said it would be interesting to know how many people are related to someone. She said she hears it all the time about nepotism and situations where there is not equality and maybe all of the managers are related. Ms. Dowell was curious if there was a way of measuring that to find out if there is any truth to these concerns. Mr. Swann said that we can bring that up to the human resources department who has likely had the question before. Mr. Swann said Ms. Dowell had brought up some good points for the annual risk assessment and he could add the number of promotions for an entity as a better measurement than number of employees. There were no additional questions or comments by the committee.

Annual confirmation of responsibilities outlined in the Metropolitan Audit Committee Bylaws. (Bob Brannon – Committee Chairman)

Mr. Swann said he believed all requirements had been fulfilled with the exception of the annual review of the committee and Office of Internal Audit Bylaws. The annual review is an agenda item later in this meeting.

Motion made and carried to concur with the assessment.

Annual assessment of Metropolitan Auditor's performance (Bob Brannon – Committee Chairman)

The Metropolitan Nashville Council approved budget included a two percent salary increase or \$2,600 for the Metropolitan Auditor position. Also, the Metropolitan Auditor has requested his leave time for vacation be increased one week upon completion of five years of service and that his sick time accrue at twelve days annually to align with other civil service employees in the Office of Internal Audit.

Motion made and carried to approve all requests.

Bylaws annual review (Bob Brannon – Committee Chairman)

No recommendations were made for revisions. New Department of Law representatives have been requested to review and make recommendations if needed.

Motion made to approve bylaws as adopted subject to any recommendations by Department of Law.

Motion carried.

Old Business

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

Mr. Swann had discussed the status of this audit with Jim Arnette, State of Tennessee Comptroller, Director of Local Government Audit. Mr. Arnette stated the project is drawing toward a completion with the draft report being reviewed in the next few weeks.

Follow-up on external auditor presentation FY 2011 Management Letter and Single Audit (Bob Brannon – Committee Chairman)

Mr. Brannon said to hold up discussing this item until next meeting.

Metro Hotline Status and Investigation Reports (Carlos Holt – Internal Audit Manager)

Mr. Holt reported that the Office of Internal Audit is still averaging about two calls a month on the Metro Nashville IntegrityLine, 22 items have been closed. One alert was closed that was sent to the State of Tennessee Comptroller recently.

Mr. Brannon asked Mr. Holt if he thought it was worthwhile to have a hotline. Mr. Holt said that if you have an active 24-hour hotline cuts the risk of fraud. There is a requirement for a hotline on certain funds, such as federal and ARRA funds, so the hotline acts as a safety net and is a value added service.

Internal Audit Project Status (Mark Swann – Metropolitan Auditor)

Nine audit reports of the 16 planned for CY 2012 have been issued, two additional audit reports, General Sessions Court Probation Department Agreed-Upon procedure and State Fair / Nashville Expo Center Computer Acceptable Use should be issued this week.

Other Administrative Matters (Mark Swann – Metropolitan Auditor)

FY 2013 Budget

The FY 2013 Budget is approximately \$1.3 million with \$290,000 spent-to-date. An audit of ITS Telecommunications for an estimated \$60,000 will be started next month.

Staffing

One Senior Auditor position is currently open due to resignation because of her spouse being re-posted to Washington D.C. She has recently accepted employment with the U.S. Department of Treasury Inspector General Office for TARP. The Office of Internal Audit is reviewing the timing to facilitate recruitment efforts to fill this position.

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

No items were discussed.

Meeting adjourned after 65 minutes.

The next meeting is scheduled for Tuesday, December 11, 2012.

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

July 10, 2012

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.

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FY 2012 CAFR PRESENTATION

EXECUTIVE SUMMARY

September 28, 2012

Results in Brief	Background and Recommendations
<p>An audit of the <i>Acceptable Use of Information Technology Assets Policy</i> for the Tennessee State Fair-Nashville Expo Center was chosen along with two other entities to determine progress in meeting management’s goal to enhance the overall information security posture for the Metropolitan Nashville Government. This report contains the results for the Tennessee State Fair-Nashville Expo Center.</p> <p style="text-align: center;">Audit Objectives</p> <ul style="list-style-type: none"> • <i>Were users storing sensitive Metro Nashville information on authorized storage devices?</i> <p>Yes. According to the <i>Acceptable Use Policy</i>, Nashville Expo Center employees have taken measures to protect sensitive information from loss or exposure.</p> <ul style="list-style-type: none"> • <i>Were employees knowledgeable of Acceptable Use of Information Technology Assets Policy and related Data Classification Policy provisions?</i> <p>Generally yes. The Nashville Expo Center employees were generally aware of the <i>Acceptable Use Policy</i>. Most users were following the policy. There were two areas in which 50 percent of the department did not follow policy provisions; password storage and expectation of privacy.</p> <ul style="list-style-type: none"> • <i>Were prohibited acts, outlined in the Acceptable Use Policy, being carried out on Metro Nashville equipment?</i> <p>No. According to the policy, employee personal use accounted for minimal time on the internet and there was no evidence of inappropriate activity.</p>	<p>A new <i>Acceptable Use of Information Technology Assets Policy</i> was distributed in May 2011 and went into effect in November 2011. The purpose of the policy was to improve information security management within the Metropolitan Nashville Government.</p> <p style="text-align: center;">Information Classifications</p> <p><i>Public</i> – No risk such as reports meant for public distribution.</p> <p><i>Internal</i> – Lowest risk such as staff phone numbers.</p> <p><i>Confidential</i> – High risk such as social security and credit card numbers.</p> <p><i>Restricted</i>– Highest risk where loss of life could occur, such as witness protection information.</p> <p style="text-align: center;">Recommendations</p> <ul style="list-style-type: none"> • Ensure user accounts and passwords are not displayed at work sites. • Contact the Information Technology Services Help Desk when access to a staff members files are necessary. Only the assigned user should have access to their account and password. • Provide additional training on secure encryption communication techniques. • Enable the automatic screen lock after fifteen minutes of inactivity for all computer workstations.

EXECUTIVE SUMMARY

November 29, 2012

Results in Brief	Background and Recommendations
<p>An audit of the <i>Acceptable Use of Information Technology Assets Policy</i> for the Office of Emergency Management was chosen along with two other entities to determine progress in meeting management's goal to enhance the overall information security posture for the Metropolitan Nashville Government. This report contains the results for the Office of Emergency Management.</p> <p style="text-align: center;">Audit Objectives</p> <ul style="list-style-type: none"> • <i>Were users storing sensitive Metro Nashville information on authorized storage devices?</i> Yes. It was determined that sensitive data, which includes confidential data, was stored according to the Acceptable Use Policy and best security standards. • <i>Were employees knowledgeable of Acceptable Use of Information Technology Assets Policy and related Data Classification Policy provisions?</i> Generally yes. While not specifically aware of all parts of the policy, the group was generally following the policy. • <i>Were prohibited acts, outlined in the Acceptable Use Policy, being carried out on Metro Nashville equipment?</i> Generally no. Employee personal use accounted for minimal time on the internet and negligible computer workstations resources. 	<p>A new <i>Acceptable Use of Information Technology Assets Policy</i> was distributed in May 2011 and went into effect in November 2011. The purpose of the policy was to improve information security management within the Metropolitan Nashville Government.</p> <p style="text-align: center;">Information Classifications</p> <p><i>Public</i> – No risk such as reports meant for public distribution.</p> <p><i>Internal</i> – Lowest risk such as staff phone numbers.</p> <p><i>Confidential</i> – High risk such as social security and credit card numbers.</p> <p><i>Restricted</i> – Highest risk where loss of life could occur, such as witness protection information.</p> <p style="text-align: center;">Recommendations</p> <p>Key recommendations of this report include:</p> <ul style="list-style-type: none"> • Reemphasize with staff of the lack of expectation of privacy. • Monitor website filter reports for excessive access to blocked websites and were necessary, inform staff of websites that are blocked. • Disable and/or delete un-necessary computer accounts that are not needed. • Train staff on the use of the Information Classification Policy.

EXECUTIVE SUMMARY

October 2, 2012

Results in Brief	Background and Recommendations						
<p>An audit of the contract monitoring process for Metro Nashville Public Works was performed. Audit objectives and conclusions were as follows:</p> <ol style="list-style-type: none"> <i>Were contracts awarded in conformance with the Procurement Code?</i> Generally yes. However, some variations were noted such as not obtaining cost and price data on contract modifications over \$100,000 and contract advertisements without the best available information. <i>Did invoice amounts conform to terms of the contract?</i> Generally yes. However, some solid waste truck tare weights were understated. <i>Have goods and/or services been delivered on expired contracts?</i> No. Goods and/or services were noted as being invoiced on current contracts. <i>Were contract terms such as prevailing wage rates, payments to subcontractors, insurance, bond requirements etc. being monitored?</i> Generally yes; but, (1) Wage rates on locally financed contracts were not monitored, (2) an annual solid waste reconciliation was not performed, and (3) work was performed before change orders were approved. 	<p style="text-align: center;">Metro Nashville Public Works July 1, 2009 to December 31, 2011</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 2px;">Vendors with Contracts Greater than \$400,000</td> <td style="text-align: right; padding: 2px;">37</td> </tr> <tr> <td style="padding: 2px;">Vendors Reviewed in Audit</td> <td style="text-align: right; padding: 2px;">4</td> </tr> <tr> <td style="padding: 2px;">Percent of Vendors Reviewed</td> <td style="text-align: right; padding: 2px;">11%</td> </tr> </table> <p>For the four vendors reviewed for the audit, the total payment for services or goods during this period was \$21,185,264.</p> <p>Key recommendations were for Metro Nashville Public Works management to:</p> <ul style="list-style-type: none"> • Verify contractor compliance with prevailing wage rates on locally financed contracts¹ • Confirm the accuracy of solid waste vehicle tare weights • Conduct and document required solid waste annual reconciliations • Use best available information of quantities when advertising indefinite quantity contracts • Ensure cost or pricing data is obtained for contracts and change orders greater than \$100,000 <p>The Procurement Division should:</p> <ul style="list-style-type: none"> • Appoint a single lead contract proponent for multi-division contracts 	Vendors with Contracts Greater than \$400,000	37	Vendors Reviewed in Audit	4	Percent of Vendors Reviewed	11%
Vendors with Contracts Greater than \$400,000	37						
Vendors Reviewed in Audit	4						
Percent of Vendors Reviewed	11%						

¹ Contracts financed with federal and state funds have additional reporting and audit requirements; thus a different process

EXECUTIVE SUMMARY

October 26, 2012

Results in Brief	Background and Recommendations						
<p>We conducted a performance audit of Metro Nashville’s motor fuel usage as managed by the Office of Fleet Management within the Department of General Services. Key audit objectives and conclusions included:</p> <ul style="list-style-type: none"> • <i>Was all motor fuel purchased, received, pumped and inventory on-hand accounted for?</i> <p>No. Reconciliations were not being conducted to account for fuel purchased, received, pumped and on-hand inventory. (See Observation B).</p> <ul style="list-style-type: none"> • <i>Were motor fuel storage sites physically safeguarded?</i> <p>Generally yes. However controls could be enhanced at several locations to reduce the potential of misuse. (See Observation A).</p> <ul style="list-style-type: none"> • <i>Was motor fuel purchased for Metro Nashville facilities purchased at competitive prices?</i> <p>Yes. Management had implemented controls to ensure competitive prices were utilized in the purchase of motor fuel.</p> <ul style="list-style-type: none"> • <i>Were payments received by the Office of Fleet Management complete and accurate?</i> <p>Generally no. Management should develop a method for calculating and accounting for payments due to the department from vendors and customers. (See Observations J and K).</p>	<p>Three Years of Motor Fuel Demand/Cost July 1, 2008 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</th> </tr> </thead> <tbody> <tr> <td>Fuel Cost (million dollars)</td> <td style="text-align: center;">\$23.9</td> </tr> <tr> <td>Fuel Demand (million gallons)</td> <td style="text-align: center;">9.1</td> </tr> </tbody> </table> <p>Key recommendations of this report encourages management of the Office of Fleet Management to:</p> <ul style="list-style-type: none"> • Coordinate with the Office of the Mayor to determine if current operating practices achieve the intent of a Metro-wide fuel management program described in Mayor Dean’s Executive Order Number 31, <i>Office of Fleet Management</i>. • Determine if implementing an industry specific fleet management commercial-off-the-self information system would provide the best value in meeting management’s fleet and fuel management expectations. • Improve motor fuel usage information and control with implementation of the “ring system”. • Perform daily and monthly tank reconciliations. <p>Management’s response can be seen in Appendix B.</p>		Amount	Fuel Cost (million dollars)	\$23.9	Fuel Demand (million gallons)	9.1
	Amount						
Fuel Cost (million dollars)	\$23.9						
Fuel Demand (million gallons)	9.1						

EXECUTIVE SUMMARY

October 26, 2012

Results in Brief	Background and Recommendations								
<p>The Metropolitan Nashville Office of Internal Audit performed an audit of the of the Nashville Fire Department’s drug inventory management. Key areas reviewed included:</p> <ul style="list-style-type: none"> • Drug inventory maintenance • Drug inventory record keeping • Drug storage security • Drug disposal <p>Audit objectives and conclusions were as follows:</p> <ul style="list-style-type: none"> • <i>Were controls in place and effective to manage drug inventory?</i> <p>Generally yes. Various controls were in place and effective to manage drug inventory. However, recommendations to further strengthen internal controls regarding drug inventory management are included in the report.</p>	<p style="text-align: center;">Drug and Medical Supplies 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="text-align: center;">Expenses</th> </tr> </thead> <tbody> <tr> <td style="border-top: 2px solid black;">Drugs and Medical Supplies</td> <td style="text-align: right;">\$1,641,111</td> </tr> <tr> <td style="border-top: 1px solid black;">Drugs (49.8%)</td> <td style="text-align: right;">818,215</td> </tr> <tr> <td style="border-top: 1px solid black;">Medical Supplies (50.1%)</td> <td style="text-align: right;">822,896</td> </tr> </tbody> </table> <p>The total expenditure for drugs and medical supplies represents 0.6 percent of the amount (\$297 million) Metro Nashville spent for fire prevention and control during the audit scope (24 months).</p> <p>Key recommendations were for the management of the Nashville Fire Department to:</p> <ul style="list-style-type: none"> • Establish a periodic reconciliation of controlled drugs that includes all beginning on-hand inventories, usage sheets, receiving reports and ending inventory to determine if computed inventory matches on-hand inventory • Enlarge the daily inventory process to include all controlled drugs in all locations • Establish written policies and procedures for drug inventory ordering, storage, replenishment, inventory and reconciliation 		Expenses	Drugs and Medical Supplies	\$1,641,111	Drugs (49.8%)	818,215	Medical Supplies (50.1%)	822,896
	Expenses								
Drugs and Medical Supplies	\$1,641,111								
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EXECUTIVE SUMMARY

November 27, 2012

Results in Brief	Background and Recommendations										
<p>The Metropolitan Nashville Office of Internal Audit completed an audit of the Nashville Career Advancement Center with significant reliance placed on prior grant monitoring procedures performed by the Program Accountability Review Division of the Tennessee Department of Labor and Workforce Development.</p> <p style="text-align: center;">Key Audit Objective</p> <p><i>Was the Nashville Career Advancement Center in compliance with the Workforce Investment Act of 1998 and Metropolitan Nashville regulations, codes and ordinances?</i></p> <p>Yes. Operational and financial processes were in compliance with federal and local regulations, codes and ordinance.</p> <p>Key enabling conclusions used to determine the primary audit objective included:</p> <ul style="list-style-type: none"> • Controls were in place and effective to ensure the eligibility of participants. • Controls were in place and effective to ensure contracts and expenditures were in compliance with required regulations. • Controls were in place and effective to ensure payroll accuracy and asset inventory management. 	<p style="text-align: center;">Expenditure in Programs 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="text-align: center; padding: 5px;">(in millions)</th> <th style="text-align: center; padding: 5px;">Program Expenses</th> </tr> </thead> <tbody> <tr> <td style="text-align: center; padding: 5px;">All Programs</td> <td style="text-align: center; padding: 5px;">\$13.8</td> </tr> <tr> <td style="text-align: center; padding: 5px;">- WIA Adult Program</td> <td style="text-align: center; padding: 5px;">3.7</td> </tr> <tr> <td style="text-align: center; padding: 5px;">- WIA Dislocated Program</td> <td style="text-align: center; padding: 5px;">6.3</td> </tr> <tr> <td style="text-align: center; padding: 5px;">- WIA Youth Program</td> <td style="text-align: center; padding: 5px;">3.8</td> </tr> </tbody> </table> <p style="text-align: center;">Recommendation</p> <p>There were no recommendations made in this report.</p>	(in millions)	Program Expenses	All Programs	\$13.8	- WIA Adult Program	3.7	- WIA Dislocated Program	6.3	- WIA Youth Program	3.8
(in millions)	Program Expenses										
All Programs	\$13.8										
- WIA Adult Program	3.7										
- WIA Dislocated Program	6.3										
- WIA Youth Program	3.8										

EXECUTIVE SUMMARY

December 3, 2012

Results in Brief	Background and Recommendations																		
<p>An audit of the Metropolitan Nashville Historical Commission was performed.</p> <p style="text-align: center;">Audit Objectives</p> <ul style="list-style-type: none"> • <i>Were Metropolitan Nashville’s Procurement policies for competitive bidding being followed?</i> Generally yes. However, some purchases for restoration of the Nashville City Cemetery were not in compliance with Metropolitan Nashville’s Procurement Regulations. • <i>Was the Historical Commission following attendance, payroll and leave policies and procedures as management intended?</i> Yes. No material discrepancies were found. • <i>Were the department’s fixed assets properly accounted for and adequately safeguarded?</i> Yes. The fixed assets are accounted for and adequately safeguarded. • <i>Were the historical preservation practices efficient and effective relative to benchmark peer cities?</i> Generally yes. However, incentives to encourage increased restoration, rehabilitation and renovation of designated historic structures should be considered. 	<p style="text-align: center;">Metropolitan Nashville Historical Commission</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 10px;"> <thead> <tr> <th style="text-align: center;">FY 2012</th> <th style="text-align: center;">Budget</th> <th style="text-align: center;">Actual</th> </tr> </thead> <tbody> <tr> <td>Operating Expense</td> <td style="text-align: right;">\$619,100</td> <td style="text-align: right;">\$615,546</td> </tr> <tr> <td>4% Funds</td> <td style="text-align: right;">31,420</td> <td style="text-align: right;">9,470</td> </tr> <tr> <th colspan="3" style="text-align: center;">FY 2011</th> </tr> <tr> <td>Operating Expense</td> <td style="text-align: right;">626,100</td> <td style="text-align: right;">599,418</td> </tr> <tr> <td>4% Funds</td> <td style="text-align: right;">30,000</td> <td style="text-align: right;">18,580</td> </tr> </tbody> </table> <p style="text-align: center;">Recommendation</p> <p><u>Compliance with Metropolitan Nashville Procurement Regulations</u></p> <ul style="list-style-type: none"> • Ensure that when applicable, contracts with specific terms and legal requirements are entered into in accordance with the Metropolitan Nashville Procurement Regulations. • Work with the Procurement Division to encourage competition in the procurement process by ensuring that sole source designation is only used on a limited basis for those unique situations where it is warranted. <p><u>Financial Incentives for Historical Preservation Efforts</u></p> <ul style="list-style-type: none"> • Consider whether incentives similar to those of other municipalities are appropriate for the Metropolitan Nashville Government. • If such a determination is made, work with necessary parties to enable approval of special incentives for qualified historical preservation and restoration. 	FY 2012	Budget	Actual	Operating Expense	\$619,100	\$615,546	4% Funds	31,420	9,470	FY 2011			Operating Expense	626,100	599,418	4% Funds	30,000	18,580
FY 2012	Budget	Actual																	
Operating Expense	\$619,100	\$615,546																	
4% Funds	31,420	9,470																	
FY 2011																			
Operating Expense	626,100	599,418																	
4% Funds	30,000	18,580																	

**Office of Internal Audit
Hotel Occupancy Tax Status
December 2012**

Total number of hotels audited	6
Audit in progress	9
Total hotel revenue amount audited	\$7,863,830
Number of hotels underpaid	4
Under paid taxes, penalties and interest recovered (1 Property)	\$18,694
Potential additional under paid taxes, penalties and interest recovered	4,809
<i>Total Potential Under Paid Taxes</i>	\$23,503
Number of hotels overpaid	2
Total over paid tax amount	\$192

Swann, Mark (Internal Audit)

From: Jim Arnette <Jim.Arnette@cot.tn.gov>
Sent: Wednesday, November 21, 2012 9:42 AM
To: Swann, Mark (Internal Audit)
Subject: RE: NES Audit

Thanks Mark...Still making edits...My best guess this will be released the first week of December...Sorry for the delay...

Jim

From: Swann, Mark (Internal Audit) [mailto:Mark.Swann@nashville.gov]
Sent: Wednesday, November 21, 2012 8:57 AM
To: Claiborne, Phil (Council Member-Fwd)
Cc: Jim Arnette
Subject: RE: NES Audit

Councilman Claiborne,

The State Comptroller's audit report for NES has not been released and is still in the review process. I will be sure to notify you as soon as I am aware of the report being released.

Sincerely,

Mark Swann

Mark S. Swann – Metropolitan Auditor

Metropolitan Nashville Office of Internal Audit
Tel: 615 862-6158 | Mobile: 615 974-8700 | Fax: 615 214-3602

Got Issues? Try the Metro Nashville Integrity Line: www.tnwinc.com/MetroNashville

From: Phil Claiborne [mailto:sgt08@bellsouth.net]
Sent: Tuesday, November 20, 2012 8:25 PM
To: Swann, Mark (Internal Audit)
Subject: NES Audit

In Sept my request for your office to do an audit of certain NES procedures was deferred to the State Comptroller. Your letter to me at the time indicated that a draft report could be expected by October. Do you know if the report has been released and if so could you assist in getting a copy for me? Thank you for your assistance in this process.

I hope you and your family the best for this Thanksgiving season.
pc

Phillip R Claiborne

Councilman, District 15
889.2907

www.metro15.com



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, speak up through our Metro Nashville IntegrityLine:

877-371-0676 or www.tnw.com/MetroNashville

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

**Metropolitan Office of Internal Audit
Audit Project Status
As of December 11, 2012**

Projects	Planning	Contracts/Orders		Fieldwork	Report	Report Phase	
		SOW	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
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) Nashville Career Advancement Center					✓		Nov-12
16) Historic Commission					✓		Dec-12
In-Progress							
17) Nashville Electric Services Interlocal Agreements					✓	Dec-12	
18) Acceptable Use Information Assets -MAC, OEM, State Fair					✓	Dec-12	
19) Hotel/Motel Occupancy Tax				✓		Jan-13	
20) Treasury - Metro Investment Pool				✓		Jan-13	
21) Metro Nashville Library				✓		Jan-13	
Anticipated to Start Next 6 weeks							
Davidson County Election Commission	Dec						
ITS Telecommunications	Jan		✓				
Music City Convention Center - Change Orders	Jan	✓					
MDHA Procurement-to-Pay	Jan						
Metro IntegrityLine Alerts Since Jan 1, 2012:					Total	Closed	Pending
Metro Hotline Alerts (Fraud, Waste & Abuse, & Suggestions)					29	29	0
Cases Reported to State of TN from Metro Hotline Alert					0	0	0
Cases Tasked to OIA by State of TN					5	5	0
Cases Tasked to OIA by Metro Entities					3	3	0

Note: Goal to complete 16 audit projects in CY 2012. Currently 16 audit projects are completed, and 5 audit projects are in field work or draft report phase.

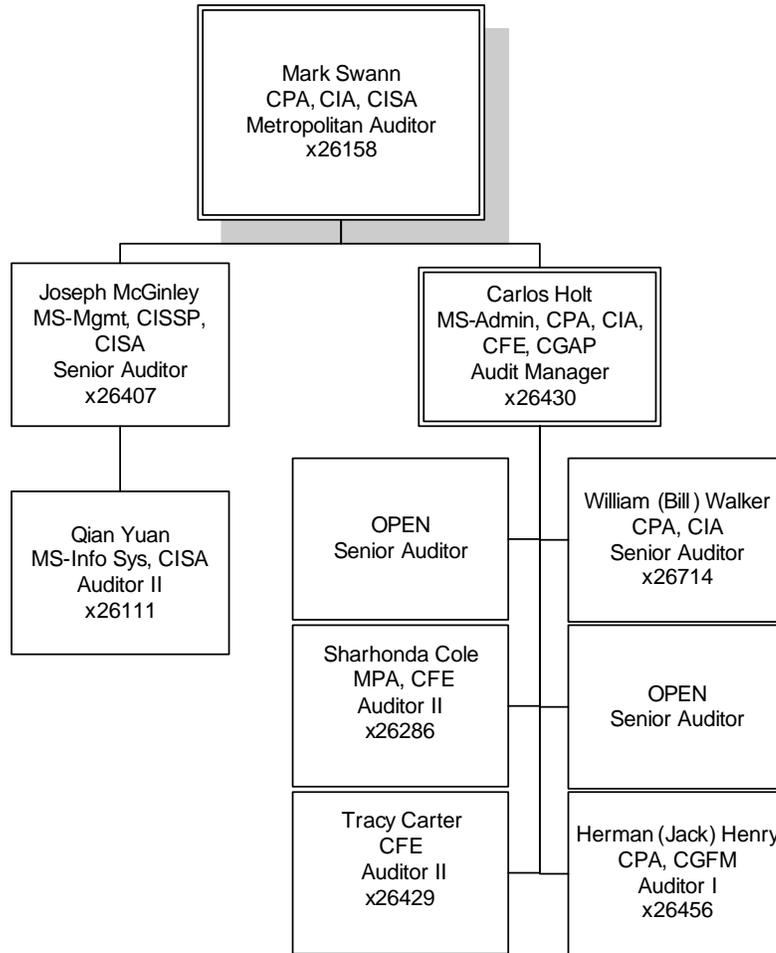
Internal Audit Fiscal Year 2013
GSD General Fund as of December 7, 2012

FY 2013 Approved Budget

	Approved FY 2012 Budget	Actual As of September 21, 2012	Difference	Notes
Total Salaries & Fringe	\$ 989,800	\$ 365,243	\$ 624,557	
Other Expenses				
Professional & Purchased Services	156,200	20,665	135,535	
Other Expenses	57,800	13,137	44,663	
Internal Service Fees	74,100	70,015	4,085	
TOTAL EXPENSES	\$ 1,277,900	\$ 469,060	\$ 808,840	

30003 General Fund 4% Reserve \$ 21,429 \$ 11,106 \$ 10,323 AX Core Server Software & Training

Office of Internal Audit Organization Chart December 11, 2012

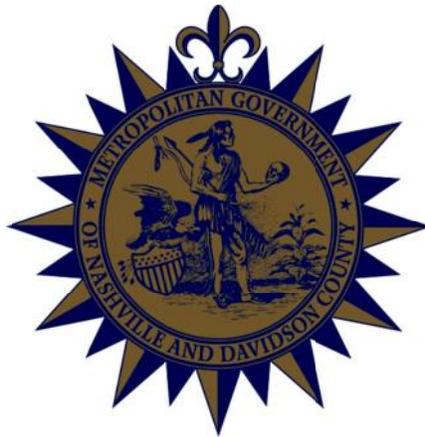


**METROPOLITAN NASHVILLE AUDIT COMMITTEE
2013 MEETING PLAN**

Proposed Meeting Date	Proposed Agenda Topics
February 12, 2013	<ul style="list-style-type: none"> • External Audit Single Audit and Management Letter presentation • Internal Audit Annual Work Plan approval • Internal Audit issued report discussion • Follow-up Comprehensive Annual Financial Report
July 9, 2013	<ul style="list-style-type: none"> • External Audit plan and required communications • Internal Audit issued report discussion • Follow-up Comprehensive Annual Financial Report, Single Audit Report, and Management Letter
September 10, 2013	<ul style="list-style-type: none"> • Metropolitan Audit Committee self-assessment • Metropolitan Auditor performance review • Bylaws annual review • Internal Audit issued report discussion
December 10, 2013	<ul style="list-style-type: none"> • External Audit Comprehensive Annual Financial Report • Office of Internal Audit Annual Performance Report • Internal Audit issued report discussion

**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 September 25, 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 A - CY 2012 Audit Plan Summary

(* Co-source Audit)

18	Davidson County Election Commission
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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	<p><i>Audit is in the field work phase.</i></p> <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	<p><i>Audit is in the field work phase.</i></p> <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	<p><i>Audit is in the field work phase.</i></p> <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	<p><i>Audit is in the field work phase.</i></p> <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?
*5	Metropolitan Nashville Public Schools - Post Custodial Services	<ul style="list-style-type: none"> • Were the expected benefits of outsourcing

Attachment B - CY 2012 Audits

* = Co-source	Department	Potential Key Audit Objectives
	Outsourcing Review	custodial services at the MNPS realized? • Were there any unforeseen costs associated with the outsourcing of custodial services at the MNPDP?
6	Fire Department - Drug Inventory Management	• Is the Fire Department adequately managing its drug inventory?
7	Health Department - Drug Inventory Management	• Is the Health Department adequately managing its drug inventory?
8	Circuit Court Clerk - Municipal Citations Other Than Traffic Process	• 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)	• 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	• 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	• 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	• 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	• How does the Metro Investment Pool work? • Are accounting entries accurate and reflective of the Metro Investment Pool activities?

Attachment B - CY 2012 Audits

* = Co-source	Department	Potential Key Audit Objectives
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.
18 ³	Davidson County Election Commission	<ul style="list-style-type: none"> • Are expenditures prudent and reasonable? • Are payroll and time leave policies reasonable and being properly being adhered too? • Are election computer integrity controls working as intended? Application Change Control?

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.

³ Addition approved by Metropolitan Nashville Audit Committee at the September 25, 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

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.

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.”

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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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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

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“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.”