

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



***METROPOLITAN NASHVILLE  
AUDIT COMMITTEE***

***WORKBOOK***

**July 26, 2016**

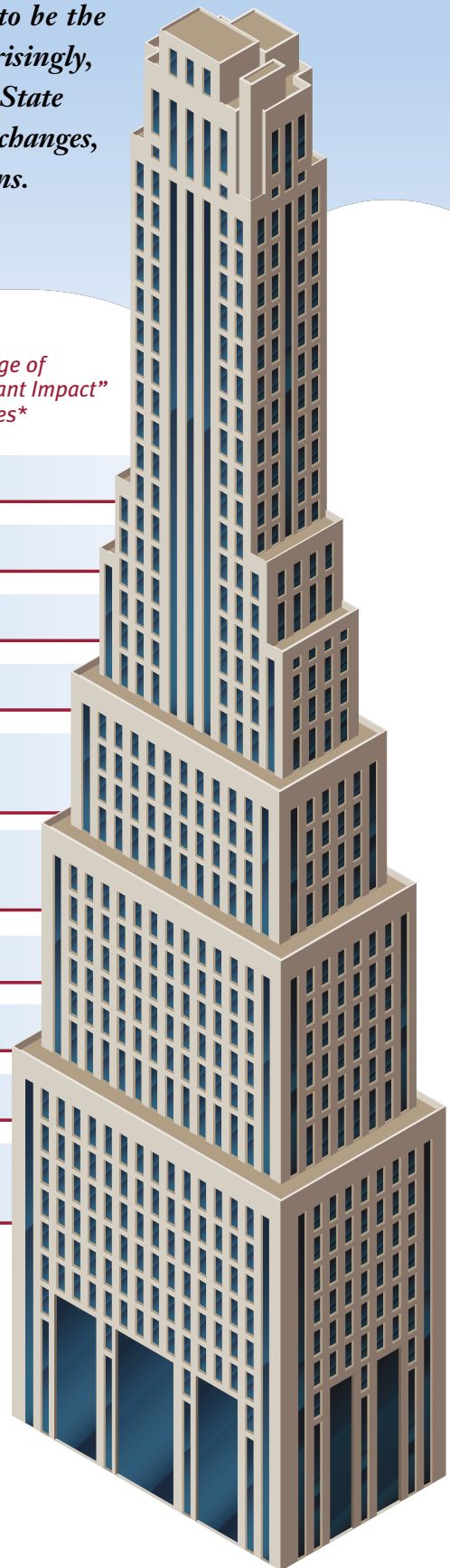
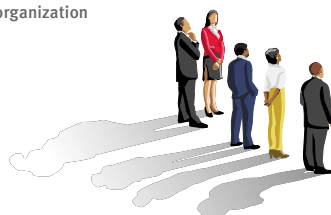
# Executive Perspectives on Top Risks for 2016

*What do board members and C-suite executives view to be the top risks for their organizations this year? Not surprisingly, according to an annual survey from North Carolina State University's ERM Initiative and Protiviti, regulatory changes, the economy and cyberthreats top their lists of concerns.*

| <i>Risk Issue</i>   | <i>Percentage of "Significant Impact" Responses*</i> |
|---|--|
| <b>Regulatory changes and scrutiny</b>  | <b>60%</b>   |
| <b>Economic conditions</b>  | <b>60%</b>   |
| <b>Cyberthreats</b>   | <b>57%</b>   |
| <b>Privacy/identity management and information security</b>   | <b>53%</b>   |
| <b>Succession challenges and ability to attract and retain top talent</b>                           | <b>52%</b>   |
| <b>Rapid speed of disruptive innovations and new technologies</b>                                   | <b>51%</b>   |
| <b>Volatility in global financial markets and currencies</b>  | <b>50%</b>   |
| <b>Resistance to change operations</b>  | <b>49%</b>   |
| <b>Sustaining customer loyalty and retention</b>  | <b>46%</b>   |
| <b>Organization's culture may not encourage timely identification and escalation of risk issues</b> | <b>45%</b>   |

\* Each respondent was asked to rate 27 individual risk issues using a 10-point scale, where a score of 1 reflects "No Impact at All" and a score of 10 reflects "Extensive Impact" to their organization over the next year. A score of 6.0 or higher is perceived to be a risk issue that will have a "Significant Impact" on the organization.

The full survey report, *Executive Perspectives on Top Risks for 2016*, may be accessed at [erm.ncsu.edu](http://erm.ncsu.edu) or [protiviti.com/toprisks](http://protiviti.com/toprisks). It includes detailed breakdowns of the results by respondent role, organization size, industry and other categories.





**METROPOLITAN NASHVILLE  
METROPOLITAN AUDIT COMMITTEE MEETING AGENDA  
July 26, 2016 5:00 p.m.**

**Committee Room 2  
205 Metropolitan Courthouse**

- I. Call Meeting to Order (Bob Brannon - Committee Chairman)
- II. Approval of Minutes for April 12, 2016, Meeting. (Bob Brannon – Committee Chairman)
- III. New Business
  - Briefing on assessing the condition of roads, streets, bridges, and overpasses and the impact of not implementing the modified approach of accounting for roads and bridges infrastructure assets. (Mark Macy – Public Works and Kim McDoniel – Finance Department)
  - External auditor presentation FY 2016 Financial Audit Communications. (Crosslin & Associates, P.C.)
  - Discussion on Audit of Comcast Franchise Fees audit report issued June 3, 2016. (Mark Swann – Metropolitan Auditor)
  - Discussion on Audit of Finance Department’s Credit Card Purchases audit report issued July 18, 2016. (Nan Wen – Internal Auditor)
  - Discussion on Audit of Hotel Occupancy Tax for Fiscal Year 2016 audit report issued July 21, 2016. (Mark Swann – Metropolitan Auditor)
  - Discussion on request from the Health Department to amend the 2016 Internal Audit Work Plan to include a financial compliance and operations audit of the Metropolitan Nashville Health Department. (Mark Swann – Metropolitan Auditor)
  - Discussion on request from Metropolitan Nashville Government’s Finance Department to amend the 2016 Internal Audit Work Plan to include a financial compliance audit of Finance Department Credit Card usage. (Mark Swann – Metropolitan Auditor)
- IV. Unfinished Business
  - Update on internal audit legislation. (John Cooper - Council Member)
  - Discussion on Metropolitan Nashville Fairgrounds potential audit objectives at conclusion of the planning phase. (Mark Swann – Metropolitan Auditor)
  - Discussion on Audit of Health Department Immunization Program partial accept audit report recommendation. (Laura Henry – Internal Auditor I)
  - Follow-up on FY 2015 Comprehensive Annual Financial Report. (Bob Brannon – Committee Chairman)
  - Follow-up on FY 2014 Single Audit and Management Letter. (Bob Brannon – Committee Chairman)
- V. Internal Audit Project Status. (Mark Swann – Metropolitan Auditor)

**METROPOLITAN NASHVILLE  
METROPOLITAN AUDIT COMMITTEE MEETING AGENDA  
July 26, 2016 5:00 p.m.**

- VI. Fraud Waste and Abuse Hotline and Investigation Update. (Mark Swann – Metropolitan Auditor)
- Metropolitan Nashville Public Schools Fleet Matter
  - Metro Water Services Storm Water Grates Investigation Update
  - Request for Investigation Services Update
  - Summary of Fraud, Waste, and Abuse Hotline Activity
- VII. Other Administrative Matters. (Mark Swann – Metropolitan Auditor)
- Metropolitan Auditor’s Merit Pay Review
  - Office of Internal Audit Staffing
  - FY 2016 budget status.
  - FY 2017 budget.
- VIII. Consideration of Items for Future Meetings. (Bob Brannon - Committee Chairman)
- IX. Adjournment of public meeting – Next Meeting Tuesday, September 13, 2016.



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**

**DRAFT  
April 12, 2016**

On Tuesday, April 12, 2016, at 4:00 p.m., the Metropolitan Nashville Audit Committee met in the Metropolitan Courthouse, 2<sup>nd</sup> Floor, Committee Room 2. The following people attended the meeting:

Committee Members

Bob Brannon, Chairman  
David Briley, Vice-Mayor  
Talia Lomax-O'dneal, Director of Finance  
Bob Mendes, At-Large Council Member  
John Cooper, At-Large Council Member

Others

Mark Swann, Metropolitan Auditor  
Seth Hatfield, Office of Internal Audit  
Kim McDoniel, Chief Accountant  
Laura Henry, Office of Internal Audit  
Dell Crosslin, Crosslin and Associates  
John Crosslin, Crosslin and Associates  
David Hunt, Crosslin and Associates  
Dan Miller, Crosslin and Associates  
Joe McGinley, Office of Internal Audit  
Joseph Webb, Hospital Authority  
Marc Overlook, Hospital Authority  
Keith Durbin, Chief Information Officer  
Hank Clay, MNPS Government Relations  
Maria Salas, Clerk and Master  
Tony Neumaier, Metro Water Services

*Quorum present? Yes*

**Call Meeting to Order**

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

**Approval of Minutes**

A motion to approve the February 9, 2016, meeting minutes was made, seconded, and carried.

**New Business**

Discussion on Audit of the Health Department Immunization Program audit report issued February 18, 2016

Laura Henry presented a background of the Health Department Immunization Program. The audit objectives, observations, and recommendations were summarized by Ms. Henry. There was a discussion about how the follow-up on audit recommendations is accomplished and the process when management partially agrees with an audit recommendation.

Discussion of the Audit of the Clerk and Master of the Chancery Court audit report issued March 18, 2016

Seth Hatfield stated that this audit was requested by the State Trial Court Administrator due to the transitioning of the Clerk and Master position. Mr. Hatfield summarized the audit objectives and observations that were identified. There was a discussion about why previous audit recommendations from the August 28, 2018, audit report were not implemented.

David Briley joined the meeting at 4:12 p.m.



Discussion of the Juvenile Court audit report issued March 31, 2016

Joe McGinley presented the objectives and observations for this audit. All audit recommendations were implemented. No questions were raised.

Briefing on Metropolitan Nashville Information Security Program

Keith Durbin, Chief Information Officer, presented a history and overview of the Metropolitan Nashville Government Information Security Management Program. The program was formalized by Mayor Dean's Executive Order 38 and reaffirmed by Mayor Barry's Executive Order 34. Mr. Durbin is designated to administer the program, and the program is led by the Chief Information Security Officer.

Questions were asked regarding how often Metro Nashville's information systems are attacked, the groups that are attacking the system, what they would do with stolen information, and which Metro Nashville departments are not supported by Metro Nashville Information Technology Services.

Update on Metropolitan Nashville Hospital Authority's progress with Parallon's cooperation with external auditors and issues concerning credit receivables balance

Dr. Joseph Webb from the Metropolitan Nashville Hospital Authority presented an update on Parallon's cooperation with supplying requested documentation to the external auditors. He also explained the billing process for the hospital and described how credit balances are determined.

The Committee members directed questions to Dr. Webb and the external auditors regarding the billing and claims process to gain a better understanding and to determine how it will impact projections that were previously presented to the Metropolitan Nashville Council.

There was also discussion about why Parallon was hesitant to provide the Service Organization Control report to the external auditors. The auditors were allowed to review the report but were never provided a copy of it.

External auditor presentation FY 2015 Single Audit and FY 2015 Management Letter

Dan Miller presented the results of the FY 2015 Single Audit. No material weaknesses for internal controls were identified and there no instances of noncompliance with laws and regulations. Metro Nashville complied with the major federal programs that were reviewed. There were no material weaknesses identified around grant compliance.

David Hunt discussed the FY 2015 Management Letter. Mr. Hunt stated that some accounts were not being reconciled in a timely basis, outstanding items should be resolved, and controls should be strengthened around credit card transactions. Additionally, roads need to be maintained at 70 percent of fair or better condition to continue using the modified approach and not depreciate infrastructure. Metro Nashville roads are currently falling below that threshold.

Questions were asked about the financial impact if the modified approach was not to be used. There was also a discussion about how to get above the 70 percent threshold and who accesses the condition of the roads. Public Works hires an engineering firm for the assessment. The Committee requested that Public Works attend the next meeting for an update on the improvement of roads. Kim McDoniel will put together an estimate of the financial impact of not using the modified approach for the next meeting.

A motion to accept the audit reports was made, seconded, and carried.

Discussion on request to amend the 2016 Internal Audit Work Plan to include a financial compliance and operations audit of the Metropolitan Nashville Fairgrounds

The Fair Board of Commissioners requested that a financial compliance and operations audit be added to the 2016 Internal Audit Work Plan. After a discussion, the Committee decided to approve the audit through the planning phase. The scope and objectives of the audit will be presented to the Committee at the next meeting.

A motion to amend the 2016 Internal Audit Work Plan to include an audit of the Metropolitan Nashville Fairgrounds through the planning phase was made, seconded, and carried.

Discussion on request to amend the 2016 Internal Audit Work Plan audit of the Metropolitan Nashville Public Schools Student Information Systems to include a review of the district and schools accountability reporting process.

Mr. Swann stated that this audit was requested by the Metropolitan Nashville Board of Education. The purpose of the audit would be to identify and determine the functioning of internal controls that ensure the integrity of information used for reporting district, school, and student performance. This audit would be added on to the audit currently being conducted of the student information systems.

There was a discussion about the related reviews that have been completed both internally by Metropolitan Nashville Schools and by the State of Tennessee. Hank Clay, a representative from the Metropolitan Nashville Public Schools management team, fielded questions from the Committee members in regards to the internal review of credit recovery and end-of-course exams.

The Committee suggested that if the request was approved, any related corrective action plans should be reviewed and endorsed by the Metropolitan Nashville Board of Education.

A motion to revise the 2016 Internal Audit Work Plan for the audit of the Metropolitan Nashville Public Schools Student Information Systems to include a review of the district and schools accountability reporting process was made, seconded, and carried by four members. Talia Lomax-O'dneal abstained from the vote.

**Unfinished Business**

Update on internal audit legislation

Mr. Cooper gave a brief update on the internal audit legislation. He discussed concerns he has heard about the legislation and believes it is a good exercise to determine the scope of the Metropolitan Nashville Audit Committee within the Metropolitan Nashville Government.

Mr. Cooper will continue to field questions and concerns and will continue to carry the legislation forward.

**Fraud Waste and Abuse Hotline and Investigation Update**

Metro Water Services Storm Water Grates Inspections

No questions were raised regarding the investigation.

Nashville Farmers Market Fiscal Matter

No questions were raised regarding the investigation.

**Other Administrative Matters**

FY 2016 budget status and FY 2017 budget request

Mr. Swann gave a brief budget status update and reviewed the requested budget increase for the FY 2017 budget.

**Meeting adjourned after 115 minutes.**

Respectfully submitted to the Metropolitan Nashville Audit Committee members:

Mark Swann  
Secretary, Metropolitan Nashville Audit Committee

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

**February 9, 2016**

**DRAFT MINUTES**

The regularly scheduled meeting of the Metropolitan Nashville Audit Committee was held on Tuesday, February 9, 2016, at 4:00 p.m., at the Metropolitan Courthouse, 2<sup>nd</sup> Floor, Committee Room 4. The following people attended the meeting:

**Committee Members**

Bob Brannon, Chairman  
David Briley, Vice-Mayor  
John Cooper, At-Large Council Member  
Talia Lomax-O'dneal, Director of Finance  
Bob Mendes, At-Large Council Member  
Brack Reed, Chamber of Commerce

**Others**

Mark Swann, Metropolitan Auditor  
Kimberly Smith, Office of Internal Audit  
Theresa Costonis, Department of Law  
Kim McDoniel, Chief Accountant  
Gene Nolan, Department of Finance  
Dell Crosslin, Crosslin and Associates  
David Hunt, Crosslin and Associates  
Scott Potter, Director, Metro Water Services  
Tom Cross, Department of Law  
Ron Taylor, Metro Water Services  
Tony Neumaier, Metro Water Services

*Quorum present? Yes*

**Call Meeting to Order**

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

**Approval of Minutes**

A motion to approve December 8, 2015, meeting minutes was made, seconded, and carried.

**New Business**

**Election of Committee Chairman and Vice Chairman**

A motion to elect Mr. Robert Brannon, Committee Chairman, and Mr. Brack Reed, Vice Chairman was made, seconded, and carried.

**Metro Water Services Clean Water Abatement Program Review**

Metro Water Services management and Mr. Cross, Department of Law representative for Metro Water Services, briefed the Committee concerning the Consent Decree program. The program has two components; the first part is the Corrective Action Plan / Engineering Report, which is the plan to address sanitary sewer overflows (SSO). This plan addresses about 70 percent of the program investment. These are public health issues, and Metro Water Services does not believe there is any risk of non-acceptance by the Environmental Protection Agency in conducting sanitary sewer overflows projects. This is because it does good for the public.

The program's second component is the Long-term Control Plan. This plan is to address combined sewer overflows (CSO) into the Cumberland River. This plan is still in negotiations with the Environmental Protection Agency to balance the amount of investment that will provide

the greatest benefit in improving water quality. Metro Water Services is not conducting projects under this plan. There are only six combined sewer overflows left. You have to obtain a permit to complete a combined sewer overflow project; permits are not required for sanitary overflow projects.

Mr. Briley asked how we can know that enough work has been done to satisfy the Environmental Protection Agency to minimize the number of sanitary sewer overflows with having built the Whites Creek pumping station. Metro Water Services management stated that the criteria being used for performance are the same criteria that are accepted by the Environmental Protection Agency in Region 4, and all of the other cities under a consent decree are following the same criteria. Mr. Briley asked if there was any risk that the Environmental Protection Agency would not accept these models. Metro Water Services management replied no.

Mr. Briley asked if there is someone that we are talking to at the Environmental Protection Agency. Metro Water Services management replied yes. However, it has been a year since information regarding water quality has been submitted and no response was received from the Environmental Protection Agency.

Mr. Briley asked if we are continuing to build without hearing a response from the Environmental Protection Agency, are we exposing the city to risks, for example, we built the Whites Creek pumping station using the wrong model, millions of dollars are spent, and the Environmental Protection Agency does not accept the project as constructed. Metro Water Services management replied that there is no risk because there are procedures built into the Consent Decree for getting approvals. Nothing has been undertaken they would not have consent to do. Tennessee Department of Environment and Conservation is also party to the Consent Decree. Metro Water Services has been in constant contact with this group, as recent as a few months ago, and they are well aware of our criteria and what is being done.

Mr. Briley stated that his understanding, as of the last meeting, was that we were not in contact with the Environmental Protection Agency in reference to approvals. Metro Water Services management stated that quarterly updates are submitted to the Environmental Protection Agency, which implies contact.

Mr. Cooper asked about lead in water testing. Metro Water Services stated they conduct lead testing every three years, and the results are good. Metro Water Services described the lead testing process and test results.

#### Discussion on Adoption or Acceptance or Closing of the FY 2015 Comprehensive Annual Financial Report

Ms. Costonis emphasized that there is nothing that states that the Committee has to approve the Comprehensive Annual Financial Report. Continuing with the past practice of not voting to approve is fine. Mr. Brannon stated that in the past, it has been left open for several meeting just in case something additional arises. Mr. Reed added that he believed it should be documented as a best practice as a group, on an ongoing basis, to accept, or not accept, the audit.

A motion to accept the FY 2015 Comprehensive Annual Financial Report was made, seconded, and carried.

Mr. Mendes asked if the Committee wanted to amend the bylaws at some point to describe the process. The Committee agreed.

#### Discussion on Executive Sessions for Audit Committees

Ms. Costonis stated items to be discussed in executive session are listed in Tennessee Code Annotated § 9-3-405(d). After speaking with Mr. Swann, the FY 2015 Management Letter and FY 2015 Single Audit is still outstanding, has not been submitted to the Committee, and would be considered pending and ongoing. Conversations should be limited to the FY 2015 Management Letter or FY 2015 Single Audit, as opposed to the FY 2015 Comprehensive Annual Financial Report.

Mr. Briley asked if the Comprehensive Annual Financial Report should be made available to the public before the Committee accepts it. Ms. Costonis stated that the Metropolitan Nashville Charter § 16 states that the Comprehensive Annual Financial Report has to be finalized within four months of the close of the year.

Mr. Mendes stated that with Crosslin and Associates having to roll up the other entities, the Committee would have to commit to having meetings within a ten-day window after all of the other units are rolled up, but before the Comprehensive Annual Financial Report becomes available to the public. In the event of any roadblocks, as it relates to the Comprehensive Annual Financial Report, the Committee should consider a mid-process update executive session in September, followed by an almost-final draft executive session in November. The idea is first to identify any issues with conducting the audit that the Committee should know about and then gain an idea of what the final draft will include before it is received.

A motion to adopt a policy to implement a mid-audit executive session from the external auditor and also in close proximity to the final draft prior to acceptance by the Committee in its final form was made, seconded, and carried.

#### Discussion on the Audit of the Office of Management and Budget Revenue Forecasting Audit Report issued January 22, 2016

Mr. Swann stated that since the last Committee meeting, the Office of Internal Audit released one audit report on revenue forecasting. The controls and review of the process were examined.

Mr. Mendes asked if the response is stating that the Office of Management and Budget would implement the recommendations to the extent reasonable. Ms. Lomax-O'dneal replied yes. Ms. Lomax-O'dneal stated that the Department of Finance was presented with options on how to better approach revenue projections. The recommendations were on track with the direction the Department of Finance is headed in terms of projecting estimates with the new budgeting process. The Department of Finance will try the new methods over the next few years to see if there are any improvements. Budget projections have been very close to actuals over the past few years.

#### Discussion of the Office of Internal Audit Recommended 2016 Annual Work Plan

Mr. Swann presented the recommended Metropolitan Nashville Office of Internal Audit 2016 Annual Work Plan. Mr. Mendes stated that the risks appeared to be heavier in places that collect cash. Mr. Mendes was interested in hearing what it would take to adopt an enterprise risk management approach and big picture thinking perspective. Mr. Briley stated that approaches from other big cities should be examined. Mr. Swann stated that he had also discussed this

matter with Ms. Lomax-O'dneal. Government auditing standards do not require a risk assessment process. However, the Institute of Internal Auditors standards does require an enterprise risk assessment process be considered when developing an internal audit work plan. Mr. Mendes stated that when Nashville Electric Services adopted the enterprise risk management approach, it dramatically changed the focus of internal audit. Mr. Swann replied that the sponsorship of risk management should not come from the Office of Internal Audit, but from Metro Nashville Government management. Internal audit's role is to assess the risk management process.

Mr. Reed stated that the Office of Internal Audit Recommended 2016 Annual Work Plan seems to include a lot of financial audits, but performance audits should be included as well, which historically have been expensive like the audit of Metropolitan Nashville Public Schools. He inquired about including more performance type audits in the plan. Mr. Swann replied that usually there is a performance element included in each of the audits. Subject-matter experts are also brought in as needed.

Ms. Lomax-O'dneal asked Mr. Swann to explain the scope of the safety program included in the audit plan. Mr. Swann replied that the audit would be Metro-wide from the operational aspect as it relates to employee safety. Metro-wide would include the general government. A subject matter expert would likely be hired for this project.

A motion to approve the recommended Metropolitan Nashville Office of Internal Audit 2016 Internal Audit Work Plan was made, seconded, and carried.

Discussion on request from the Metropolitan Nashville Board of Education for the Office of Internal Audit to conduct an independent review of End of Course and other grading practices in Metropolitan Nashville Public Schools

Mr. Swann stated that a request was received from the Board of Education to review the end of course grading practices. The Office of Internal Audit has limited resources and would likely need to hire someone with expertise in education, service delivery, and grading practices to assist in this investigation. Ms. Mendes stated that there were four things he wanted to know before moving forward, such as more details regarding the scope of what "examine the situation" entails, whose budget is this coming from, a description of the scope of their existing internal review, and the scope and status of any other audits. Ms. Lomax-O'dneal added that we also need to know what they anticipate our role to be, as well as the role of any consultant that may be engaged. Mr. Briley asked about McConnell, Jones Lanier & Murphy's familiarity with this district. Mr. Swann replied that they did performance audits of school districts across the country. Also, the Committee selected this group out of five potential firms that specialize in school district audits to conduct the audit of Metropolitan Nashville Public Schools.

A motion to delay a decision for the Office of Internal Audit to conduct an independent review of End of Course and other grading practices in Metropolitan Nashville Public Schools until more information is received was made, seconded, and carried.

**Unfinished Business**

Discussion on proposed supporting internal audit legislation

Ms. Costonis stated some additional suggested comments were added to the draft legislation for the Committee's consideration. A few Tennessee Code Annotated sections already speak generally to these sections. Paragraph H Subsection 1 - Access to Records is similar to

Tennessee Code Annotated § 9-3-206. Subsection 1 was added to Section I - Other Audit Services, which mirrors Tennessee Code Annotated § 9-3-406. "Investigation and disposition of reported incidents of fraud as contemplated above in subsection I of this section" was added to Section L - Scope of Services in an effort to make it clearer. Another addition, "and any public entity whose existence is created or authorized by the Metropolitan Charter or the Metropolitan County Council", that effectively excludes entities created pursuant to State law but designated by that law to be a Metro agency or instrumentality. Ms. Lomax-O'dneal stated that not all employees referenced are Metro employees and should be replaced with "employees of these entities."

Mr. Mendes highlighted the language "To the fullest extent allowed by the Charter" in Section H Subsection 1 - Access to Records and Section L – Scope of Services was the results of his meeting with Mr. Swann. Mr. Briley believed this language might limit Metro Nashville Government's authority to audit its entities.

Ms. Lomax-O'dneal asked if any other edits would be made to the ordinance after today. Ms. Costonis stated that Section I, Subsection 2 would be edited to state "No employees of these entities," along with the Section L "investigation and disposition of reported incidents of fraud as contemplated above in subsection I of this section." Also, Mr. Briley's suggestion, instances of "To the fullest extent allow by the Charter" should be removed. Mr. Briley stated that we should assume we have authority unless they tell us otherwise.

A motion to adopt the changes to the proposed supporting internal audit legislation was made, seconded, and carried with a vote of five members in favor and one member, Mr. Mendes, not in favor.

Mr. Swann stated that although there were additional items on the agenda, the Committee should skip to the executive session.

A motion to adjourn the public meeting was made, seconded, and carried.

### **Adjournment of Public Meeting**

#### **Public Meeting adjourned after 90 minutes.**

A motion to conduct an executive session was made, seconded, and carried. The Audit Committee went into executive session with the external auditors to discuss the ongoing audit of the FY 2015 Management Letter and Single Audit. Attending the executive session were Mr. Brannon, Mr. Briley, Mr. Cooper, Ms. Lomax-O'dneal, Mr. Mendes, Mr. Reed, all members of the Metropolitan Nashville Audit Committee, Ms. Costonis, Metro Nashville Department of Law, and Crossline and Associates representatives, Mr. Dell Crosslin and Mr. David Hunt.

#### **The executive session adjourned after 15 minutes.**

Respectfully submitted to the Metropolitan Nashville Audit Committee members:



Mark Swann  
Secretary, Metropolitan Nashville Audit Committee



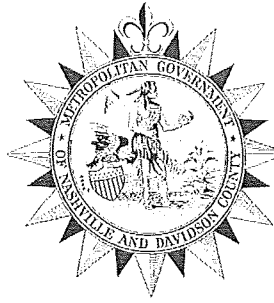


As allowed by GASB Statement No. 34, the Government has adopted the alternative to recording depreciation expense on selected infrastructure assets. Under this method, referred to as the modified approach, the Government expenses certain maintenance and preservation costs and does not report depreciation expense. Assets accounted for under this approach include approximately 5,866 lane miles of streets and roads and 327 bridges and underpasses that the Government is responsible for maintaining. The Government's policy is to have at least 70% of roads in fair or better condition and 75% of bridges in fair or better condition. The most recent condition assessments indicate that 60.5% of roads and 97.1% of bridges are in fair or better condition. The maintenance of infrastructure in accordance with the Government's policy continues to be a priority. The percentage of roads and streets in fair or better condition declined after 2010 because the area was significantly impacted by the May 2010 flood, which was followed by an unusually hard winter with heavy snowfall and salt usage. Another winter of excessive ice and snow was experienced in 2015. Increased spending on roads and streets maintenance has resulted in overall improvement in recent years in the percentage of roads and streets in fair or better condition. The FY15-16 capital budget included additional funding for road and street maintenance.

Additional information on the Government's capital assets can be found in Note 5 beginning on page B-56 of this report.

## **Roads and Bridges Condition Report FY 2015 CAFR**


MEGAN BARRY  
MAYOR



DEPARTMENT OF FINANCE  
DIVISION OF ACCOUNTS

**METROPOLITAN  
GOVERNMENT OF NASHVILLE  
AND DAVIDSON COUNTY**

700 2nd AVENUE SOUTH, SUITE 310  
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Date: July 22, 2016  
Memo to: Mark Swann  
From: Kim McDoniel   
Regarding: CAFR road condition disclosure

As discussed, I will not be able to attend the Audit Committee meeting on July 26, 2016 because of the same conflict that Talia has on that day. Instead I am sending this response to your May 25, 2016 letters to Mark Macy and to me.

In response to the question from your letter to me, the financial impact of changing from the current modified approach to depreciating roads, streets and bridges would have been an estimated \$10.4 million net increase in expense for the year ended June 30, 2015 in the government-wide statement of activities.

In response to questions 2, 3 and 4 in your letter to Mark Macy regarding reporting that is done by the Finance Department, the condition ratings and percentages would have been established by the Division of Accounts and the Finance Director in consultation with Public Works and the external auditors as Metro was implementing the road condition disclosure for the June 30, 2002 CAFR, the first year that supplemental information was required. Like most new financial statement disclosure requirements, illustrations and other guidance provided by the Governmental Accounting Standards Board and the Government Finance Officers Association would have been used as models. The road condition reports available from Public Works' contractor at that time would also have been a factor in establishing the condition ratings.

The change in the condition ratings from "good or better" to "fair or better" beginning with the June 30, 2011 CAFR was not a policy change but a technical correction. As I was reviewing the CAFR draft and noticed the significant decrease in the percentages from 70% in 2010 to 52.7% in 2011, I obtained the road condition reports from Public Works. In reviewing those reports - which are somewhat confusing - I realized that the percentages that had been reported in past years were related to the portion of roads in

fair or better condition and not good or better condition, and we made the correction for the 2011 CAFR. There has been no further change in methodology and/or reporting since this correction was made.

Phil Carr from Finance will be attending the meeting on behalf of the Finance Department and can answer any questions the Audit Committee may have on this matter. In addition, I will be happy to answer any questions from individual Audit Committee members by phone or at a future Audit Committee meeting.

Copy: Talia Lomax-O'dneal  
Mark Macy  
Phil Carr



FY2016 EXTERNAL AUDIT  
COMMUNICATION WITH MANAGEMENT

## EXECUTIVE SUMMARY

June 3, 2016



### Why We Did This Audit

The audit was initiated based on a request of the Cable Franchise Administrator within Metropolitan Nashville Information Technology Services.

### What We Recommend

Metropolitan Nashville Information Technology Services should request that Comcast include the revenue attributable to subscribers versus nonsubscribers and the total number of subscribers in Davidson County on the franchise fee statements.

## AUDIT OF THE COMCAST CABLE TELEVISION FRANCHISE FEE – APRIL 2013 THROUGH MARCH 2014

### BACKGROUND

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Comcast has a local franchise agreement with the Metropolitan Nashville Government. The current franchise agreement went into effect in May 2013. The franchise fee is calculated on five percent of gross cable television revenue within Nashville and Davidson County and is paid on a quarterly basis.

Through cable television franchise agreements, the Metropolitan Nashville Government receives the rights to provide four public, educational, and governmental (PEG) channels. The four channels include Metro Nashville Network, The Arts, Education, and Community Access.

The franchise agreement allows for an audit of the financial records of Comcast to determine if the franchise fees owed to the Metropolitan Nashville Government are correctly calculated.

### OBJECTIVE AND SCOPE

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The objective of this audit is to determine if the franchise fee payments received from Comcast are complete and accurate between April 2013 and March 2014.

The primary source of information to reach our conclusions is produced by Comcast's billing system. The reliability of the data provided by Comcast's billing system could not be determined. We determined that it would not be cost effective to perform audit testing of Comcast's billing system, and the franchise agreement does not require Comcast to provide the Metropolitan Government a Service Organizations Control Report. However, Deloitte & Touche did give the Comcast Corporation an unqualified opinion on the financial statements for the periods ending December 31, 2014, and December 31, 2013.

### WHAT WE FOUND

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A review of financial documentation found that franchise fees are correctly calculated and paid for cable television revenue. However, the exclusion of bad debt expense and the inclusion of whole house maintenance revenue resulted in an overpayment of \$42,197 from Comcast to the Metropolitan Nashville Government. Census data and market research showed the estimated number of subscribers compared to those provided by Comcast is within reason.

Also, required subscriber information is not included on the statements sent with the franchise fee payments.

## EXECUTIVE SUMMARY

July 18, 2016



### Why We Did This Audit

The audit is a component of the Metropolitan Nashville Government credit card review conducted by the Office of Financial Accountability. It was initiated by the request of the Director of Finance.

### What We Recommend

The Finance Department should:

- Maintain documentation supporting charges to all cards authorized for six years.
- Provide periodic training related to card usage and updated policies.

# Audit of Finance Department's Credit Card Purchases

## BACKGROUND

Metropolitan Nashville Government's Finance Department consists of seven subgroups based on their functions, the Finance Director's Office, Division of Accounts, Office of Management and Budget, Purchasing, Treasurer's Office, Public Property, and Office of Financial Accountability. Except for Public Property and Office of Financial Accountability, employees in five of the subgroups have credit cards. The purchasing agent also has been issued a credit card for emergency purchases only.

### Exhibit 1 – Credit Card Purchases by Finance Department Area between July 2012 and March 2016 (First Tennessee and Fifth Third Credit Cards)

| Finance Department Area | Count | Amount    |
|-------------------------|-------|-----------|
| Treasury                | 446   | \$167,430 |
| Management & Budget     | 191   | 36,473    |
| Operations              | 124   | 27,831    |
| Purchasing              | 69    | 15,710    |
| Director's Office       | 34    | 6,405     |
| Totals                  | 864   | \$253,849 |

Source: Metropolitan Nashville Government EnterpriseOne Financial System and Fifth Third Bank Credit Card System

## OBJECTIVES AND SCOPE

The objectives of this audit are to determine if:

- Credit card usage is in compliance with Metropolitan Nashville Government code and policies.
- Finance Department has adequate and effective controls over its credit card program.

The audit scope includes 864 credit card purchases totaling \$253,849 during the 45 months audit scope between July 2012 and March 2016.

## WHAT WE FOUND

The Finance Department has controls in place to provide assurance that credit card usage is in compliance with Metropolitan Nashville Government financial policies. Controls are in place over the issuance of credit cards. However, maintenance of supporting documentation could be improved. Management control over eligible types of card purchases could be tightened.

## EXECUTIVE SUMMARY

July 21, 2015



This audit was conducted at the request of the Office of the Treasurer to provide management assurance that hotel occupancy tax collections are accurate and complete.

### What We Recommend

Hotel operators need to continue to ensure documentation for hotel occupancy tax room revenue, number of rooms rented, adjustments to revenue, justification for out of service rooms, and exemption claims is retained for 36 months.

For more information on this or any of our reports, email [Mark.Swann@nashville.gov](mailto:Mark.Swann@nashville.gov)

# Audit of Hotel Occupancy Taxes Fiscal Year 2016

## BACKGROUND

The Metropolitan Nashville Office of Internal Audit conducts compliance audits of Metropolitan Nashville Government's six percent hotel occupancy tax and \$2.50 per rented room convention center tax. There were 277 hotel and 1,271 vacation rental operators that filed hotel occupancy taxes in the past three fiscal years (fiscal years 2014, 2015 and 2016). Exhibit 1 summarizes by fiscal year the amount received in the Treasury Collections Office within the Office of the Treasurer.

### Exhibit 1 – Hotel Occupancy Tax Received by Fiscal Year<sup>1</sup>

| Type            | FY2014       | FY2015       | FY2016       |
|-----------------|--------------|--------------|--------------|
| Hotel           | \$58,409,273 | \$67,884,278 | \$74,513,562 |
| Vacation Rental | 183,076      | 466,865      | 2,005,386    |
| Total           | \$58,592,349 | \$68,351,143 | \$76,518,948 |

## OBJECTIVES AND SCOPE

The objectives of the audits were to determine:

- Revenue and number of rooms asserted for monthly hotel occupancy tax returns agreed with hotel operator's results of operations.
- Exemptions to hotel occupancy tax were for continuous stays in excess of thirty day or for federal, state, or local government business.

A sample of 16 hotel operator's (see Appendix B for locations) tax returns representing \$14.7 million in hotel occupancy taxes and convention center taxes were audited. Hotels selected for audit were based on annual reported room nights not matching expected number of room nights reported based on Metropolitan Nashville hotel occupancy rates.

## WHAT WE FOUND

The \$14.7 million in hotel occupancy tax and convention center tax returns reviewed were materially valid. However, thirteen hotels underpaid taxes by \$111,119 along with hotels overpaying \$25,476, leaving a total of \$85,643 net underpaid recommended for recovery or less than one percent (0.58 percent) of hotel occupancy tax and convention center tax audited. Tax underpayments ranged between \$42,829 and \$22 for these thirteen hotels.

<sup>1</sup> Hotel occupancy taxes received as posted in Treasury Department Collections database as of July 18, 2016.



## GOVERNANCE

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The Collections Office within the Office of the Treasurer is responsible for receiving hotel occupancy tax returns. The Collections Office will review hotel occupancy tax returns for accuracy and monitor payments. Hotel operators assert total revenue and number of rooms rented on monthly hotel occupancy tax returns. Normally hotel operators obtain information for these hotel occupancy tax returns from their lodging computer system and records maintained for guest exemptions.

## OBJECTIVES AND CONCLUSIONS

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*Were hotel occupancy tax return revenue, number of rooms rented, and exemption claims accurate and complete?*

**Generally yes.** Hotel occupancy tax returns were materially valid. However, thirteen hotels underpaid taxes by a net amount of \$85,643 or less than one percent (0.58 percent) of hotel occupancy tax and convention center taxes audited in fiscal year 2016.

Hotel operators need to continue to ensure documentation for hotel occupancy tax room revenue, number of rooms rented, adjustments to revenue, justification for out of service rooms, and exemption claims is retained for 36 months.

## COLLECTION OF HOTEL OCCUPANCY TAX NET AUDIT CLAIMS AT 71 PERCENT

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**Exhibit 2 – Summary of Hotel Occupancy Tax Net Audit Claims By Fiscal Year**

| Fiscal Year  | Number of Audits | Audited Revenue Amount | Audited Tax Amount  | Net Audit Claim <sup>2</sup> | Collected or Settled |
|--------------|------------------|------------------------|---------------------|------------------------------|----------------------|
| 2013         | 18               | \$ 63,740,705          | \$ 5,385,583        | \$ 22,058                    | \$ 26,988            |
| 2014         | 29               | 182,368,581            | 14,242,187          | 415,061                      | 289,891              |
| 2015         | 14               | 42,664,158             | 2,849,694           | 126,335                      | 120,068              |
| 2016         | 16               | 202,608,560            | 14,745,873          | 126,597                      | 52,333               |
| <b>Total</b> | <b>77</b>        | <b>\$491,382,004</b>   | <b>\$37,223,337</b> | <b>\$690,051</b>             | <b>\$489,280</b>     |

<sup>2</sup> Amount includes the net amount of taxes underpaid, overpaid, and penalty and interest.



# Metro Public Health Dept

Nashville / Davidson County

Protecting, Improving, and Sustaining Health

Megan Barry, Mayor

William S. Paul, MD, MPH, FACP  
Director of Health

**Board of Health**

Samuel L. Felker, JD, Chair  
Carol Etherington, MSN, RN, Vice Chair  
Thomas W. Campbell, MD  
Henry W. Foster, Jr., MD  
Francisca Guzmán  
Margreete G. Johnston, MD, MPH

April 14, 2014

Mark Swann, Metropolitan Auditor  
Metropolitan Nashville Office of Internal Audit  
P.O. Box 196300  
Nashville, TN 37219-6300

Dear Mr. Swann,

On March 1, Peter Fontaine joined the Metro Public Health Department as Director of the Bureau of Administration and Finance. To enable Peter to have a clear view of our current environment, I am requesting a financial audit be performed of our Department for all non-grant areas. I would also like to include an operational audit of areas currently within the Bureau of Administration and Finance.

The insights from such an engagement will be tremendously helpful in our effective operation and as we move forward with our strategic plan. It is my understanding that a full audit has not been performed in many years.

Please consider this request for completion at the earliest convenience your schedule will allow. If you have any questions, do not hesitate to contact me.

Sincerely,

William Paul, MD, MPH, FACP  
Director of Health

## Swann, Mark (Internal Audit)

---

**From:** Lomax-O'dneal, Talia (Finance Director's Office)  
**Sent:** Tuesday, April 19, 2016 2:23 PM  
**To:** Swann, Mark (Internal Audit)  
**Cc:** Adom, Fred (FIN OMB Monitoring Rpts & Acct); Foster, Donna (Finance - Director's Office); Nolan, Gene (Finance - Director's Office)  
**Subject:** Review Request

Hi Mark: As you know, the Mayor's Office requested that OFA conduct a review of credit card activity for all metro departments and agencies. To remove any appearance of a conflict of interest, I would like for Internal Audit to conduct the review of the Finance Department's activity. You can check in with Fred Adom to determine the scope of the overall review so that our departmental review is comparable to the work that is being performed for other agencies.

Donna Foster will be your contact for the actual review.

Thanks for your consideration.

Talia

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Finance Department: [Excellence in the management of public resources.](#)

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**ORDINANCE NO. BL2016-159****An ordinance amending section 2.24.300 of the Metropolitan Code.**

WHEREAS, it would facilitate the ability of the Division of Metropolitan Audit to perform its functions as contemplated in Section 8.121 of the Charter and Section 2.24.300 of the Metropolitan Code, to require all metropolitan departments and agencies to cooperate fully with the audits and investigations of that office; and,

WHEREAS, it is also desirable to establish a process by which suspected illegal, improper, wasteful, or fraudulent activity can be reported and investigated; and,

WHEREAS, it is further beneficial to ensure that certain additional information is communicated in a timely manner to the Division of Metropolitan Audit; and,

WHEREAS, it is also desirable to establish that the Division of Metropolitan Audit scope of service encompasses any departments, boards, commissions, officers, agencies, or offices of the Metropolitan Government; and,

WHEREAS, the citizens of Nashville and Davidson County will benefit through the actions contemplated herein.

NOW, THEREFORE, BE IT ENACTED BY THE COUNCIL OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY:

Section 1. Section 2.24.300 of the Metropolitan Code is hereby amended by adding the following new subsections H. through L. to the end of Section 2.24.300:

H. Access to Records.

1. The Division of Metropolitan Audit personnel shall have full access to all Metropolitan Government of Nashville and Davidson County records, agreements, information systems, properties, and personnel. Accordingly, Metropolitan Government of Nashville and Davidson County or any of its related entities' officials, employees, consultants, and contractors shall furnish any requested information and records within their custody and respond to any questions regarding powers, duties, activities, organization, property, financial transactions, and methods of business.

2. The Division of Metropolitan Audit and its personnel are individually responsible and accountable for maintaining the confidentiality of the information they receive during the course of their work and complying with any other regulatory requirements necessitated by their being granted such access. Division of Metropolitan Audit personnel shall not publicly disclose any information received that is considered confidential in nature by any local, state, or federal law or regulation.

3. In addition, Metropolitan Government of Nashville and Davidson County or any of its related entities' officials, employees, consultants, and contractors shall provide access to Division of Metropolitan Audit personnel for the inspection of all property, equipment, and facilities within their custody and the observation of any operations for which they are responsible.

I. Other Audit Services.

1. In addition to financial, performance, or other audit services, the Division of Metropolitan Audit shall establish a process by which suspected illegal, improper, wasteful, or fraudulent activity can be reported. The Metropolitan Auditor shall investigate, or cause to be investigated, all activity reported by this process. The disposition of all reports shall be communicated to the Metropolitan Nashville Audit Committee, Metropolitan Mayor, and Department of Law.

2. No employees of these entities shall suffer any retaliatory action for reporting to or cooperating with the Division of Metropolitan Audit or the Audit Committee.

J. Notice of Instance of Fraud, Waste, and Abuse.

All reports of unlawful conduct completed in accordance with the State of Tennessee Local Government Instances of Fraud Reporting Act involving Metropolitan Government of Nashville and Davidson County departments, boards, commissions, officers, or agencies shall be communicated in a timely manner to the Metropolitan Auditor. Such reports shall also be communicated to the office of the Comptroller of the Treasury if so required by state law.

K. Notice of Audit Activities.

The engagement plans and final reports for all financial, performance, and other audit activities conducted on the behalf of Metropolitan Government of Nashville and Davidson County departments, boards, commissions, officers, agencies, or offices shall be communicated in a timely manner to the Metropolitan Auditor.

L. Scope of Services.

The Division of Metropolitan Audit is authorized to conduct financial audits, performance audits or other audit services, including investigation and disposition of reported incidents of fraud as contemplated above in subsection I of this section, concerning any department, board, commission, officer, agency, or office of the Metropolitan Government. Departments, boards, commissions, officers, agencies, and offices 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.

Section 2. This ordinance shall take effect from and after its final passage, the welfare of The Metropolitan Government of Nashville and Davidson County requiring it.

Sponsored by: John Cooper

| <b>LEGISLATIVE HISTORY</b>  |                            |
|-----------------------------|----------------------------|
| Introduced:                 | March 1, 2016              |
| Passed First Reading:       | March 1, 2016              |
| Referred to:                | Budget & Finance Committee |
| Deferred to April 19, 2016: | March 15, 2016             |
| Passed Second Reading:      |                            |
| Passed Third Reading:       |                            |
| Approved:                   |                            |
| By:                         |                            |

**Requests for ADA accommodation should be directed to the Metropolitan Clerk at 615/862-6770.**

## BOARD OF FAIR COMMISSIONERS POTENTIAL AUDIT OBJECTIVES

### BACKGROUND

The Board of Fair Commissioners is the governing body of the Nashville Fair Grounds. The Nashville Fairgrounds is located on 117 acres less than one mile south of downtown Nashville. There are multiple structures and sheds available to the public. The mission of the Board of Fair Commissions is to provide multipurpose venues for events that serve the interests of Nashville citizens and visitors to Nashville. This includes public and private events that showcase consumer products, education, commerce, entertainment, agriculture technology and industry. A high-level financial summary of the past three fiscal years are presented below:

| Category                        | FY 13       | FY 14       | FY 15       | FY 16       |
|---------------------------------|-------------|-------------|-------------|-------------|
| Total Revenue                   | \$2,781,069 | \$3,251,271 | \$3,372,292 | \$3,185,273 |
| Total Expense, net depreciation | 2,816,883   | 2,792,536   | 3,258,094   | 3,402,511   |
| Depreciation                    | 382,110     | 374,813     | 381,671     | 356,744     |
| Total Net Position              | \$4,705,068 | \$4,788,990 | \$4,269,636 | \$4,058,377 |
| Unrestricted, Net Position      | \$ 815,854  | \$1,102,959 | \$ 886,251  | \$ 674,992  |

Source: Comprehensive Annual Financial Report of the Metropolitan Government of Nashville and Davidson County. FY 16 from Metropolitan Nashville Government's EnterpriseOne Financial System as of July 7, 2016.

### POTENTIAL OBJECTIVES AND SCOPE

Are controls and procedures in place to ensure the proper management of fiscal resources?

Specifically,

- Are reported revenues complete, accurate, secured, deposited within one business day of receipt, and recorded into the general ledger within two business days of the deposit?
- Are payroll and timekeeping activities in accordance with management directives and prudent business practices?
- Are controls in place to ensure expenditures comply with the Metropolitan Nashville Government Procurement Code and further the mission of the Nashville Fair Grounds?

Are controls in place to provide assurance that the operational objectives and mission of the Nashville Fair Board are being achieved?

Specifically,

- Are customers of Nashville Fair Grounds being treated in a fair and consistent manner?
- Is the Board of Fair Commissioners Board actively engaged in providing sufficient oversight?
- Does the Nashville Fair Grounds have a methodology in place to track, capture and report repair and maintenance needs and costs for capital assets?
- Is the Nashville Fair Grounds marketing its facilities and helping promote various events?

The audit scope includes July 1, 2014, through June 30, 2016. Benchmarking will be conducted, where applicable, on operational activities related to the Nashville Fair Grounds. Specifically, the types and numbers of revenue streams, governance structure, amounts of subsidies (if applicable), number of employees, etc.





March 8, 2016

Mr. Mark Swann, Director  
Nashville Office of Internal Audit  
404 James Robertson Parkway, Suite 190  
Nashville, TN 37219

Dear Mr. Swann,

At the March 8<sup>th</sup>, 2016 meeting of the Metropolitan Board of Fair Commissioners, it was voted on by the Board to request a financial and operations audit be performed by Metro. Recently, Mr. Buck Dozier retired as Executive Director of the Metropolitan Fairgrounds. As the Metropolitan Board of Fair Commissioners begins the search for a new Executive Director, the Board believes it would be appropriate to request an audit of the current operations at the Fairgrounds in order to give the new director insight into the status of the current operations and suggested areas of improvement. Additionally, we feel an audit is long overdue as one has not been performed in many years. We are hopeful the findings from the audit will allow the new Executive Director and the Board with the information needed to execute a management strategy that will ensure successful operations at the Fairgrounds.

It is my understanding that the Board needs to request that the Metropolitan Audit Committee consider this request. Please consider this letter as an official request from the Metropolitan Board of Fair Commissioners to request a financial and operations audit to be scheduled at the earliest date. Thank you, in advance for your attention to this request.

Sincerely,

A handwritten signature in cursive script that reads "Ned Horton by Ken Sanders".

Ned Horton, Chairman  
Metropolitan Board of Fair Commissioners

## Swann, Mark (Internal Audit)

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**From:** Atchley, Joe (Health)  
**Sent:** Tuesday, June 21, 2016 11:49 AM  
**To:** Harden, Dianne (Health)  
**Subject:** FW: Procedures for corrections  
**Attachments:** Self-corrections in PTBMIS 1-28-16.docx

---

**From:** PTBMIS Helpdesk (Heath)  
**Sent:** Wednesday, March 09, 2016 2:39 PM  
**To:** Russell, Keisha (Health); Fanfan, Carline (Health); Gregory, Marilyn (Health); Stratz, Denise (Health); Bess, Karen (Health)  
**Cc:** Stamm, Sanjana (Health); Anderson, Shoana (Health); Hutcheson, John (Health - Vendor); Foster, Norman (Health); Campbell, Camille (Health); Brooks, Rhonda (Health); Harden, Dianne (Health); Atchley, Joe (Health); Morris, Shelia (Health)  
**Subject:** Procedures for corrections

Good afternoon,

As lead clerks, you now have the ability to make certain corrections in PTBMIS, as outlined in the attached document. Please send correction emails with the appropriate screenshots to this mailbox. Additionally, if you have any questions, send them to this mailbox as well.

|   |   |                        |
|---|---|------------------------|
| <p><b>C.2</b> Restrict the responsibility of updating patient insurance information to the clerks at the clinic front desk, rather than allowing an employee in the finance office to make changes in the Patient Tracking and Billing Management Information System.</p> | <p><b>Partially accept.</b> We are currently working on giving more responsibility to the clerks for the updating of patient information. However, if an insurance remit reflects that a patient is not covered under insurer's policy or that they are not the primary insurer, we feel that it is only practical for MPHD Finance to implement the appropriate changes and note any changes in the note field of the patient registration screen.</p> | <p>May 1,<br/>2016</p> |
|---|---|------------------------|





# Comprehensive Annual Financial Report For the Year Ended June 30, 2015

The Metropolitan Government of Nashville and Davidson County  
Nashville, Tennessee



Megan Barry, Mayor



FY 2015

Single Audit Report

Letter of Recommendations to Management





**Summary of Hotel Occupancy Tax Audit Results  
As of July 19, 2016**

| Fiscal Year | Number of Audits            | Total Hotel Revenue | Total Tax Reported | Tax Underpaid | Penalty & Interest | Tax Overpaid |
|-------------|-----------------------------|---------------------|--------------------|---------------|--------------------|--------------|
| 2013        | 18                          | \$ 63,740,705       | \$ 5,385,583       | \$ 37,849     | \$ 14,974          | \$ 30,766    |
| 2014        | 29                          | \$ 182,368,581      | \$ 14,242,187      | \$ 351,732    | \$ 123,638         | \$ 60,308    |
| 2015        | 14                          | \$ 42,664,158       | \$ 2,849,694       | \$ 100,166    | \$ 37,551          | \$ 11,382    |
| 2016        | 16                          | \$ 202,608,560      | \$ 14,745,873      | \$ 111,119    | \$ 40,954          | \$ 25,476    |
| Grand Total | 77                          | \$ 491,382,004      | \$ 37,223,337      | \$ 600,866    | \$ 217,117         | \$ 127,932   |
|             |                             |                     |                    |               |                    |              |
| Fiscal Year | Percent of Tax Underpayment | Net Claims          |                    |               |                    |              |
| 2013        | -0.1%                       | \$ 22,058           |                    |               |                    |              |
| 2014        | -2.0%                       | \$ 415,061          |                    |               |                    |              |
| 2015        | -3.1%                       | \$ 126,335          |                    |               |                    |              |
| 2016        | -0.6%                       | \$ 126,597          |                    |               |                    |              |
| Total       | -1.3%                       | \$ 690,051          |                    |               |                    |              |



**Metro Nashville Government  
Waste and Abuse Hotline**

**Waste?  
Fraud?  
Abuse?**



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**Your Call Matters**

---

**Report Any Problems Toll-Free**

**You Don't Have To Give Your Name**

**1-855-252-7606 or**

**[www.hotline-services.com](http://www.hotline-services.com)**

**Use Organization Name: Metro Nashville**

**We Can't Do It Without You**



Mark S. Swann  
Metropolitan Auditor



OFFICE OF INTERNAL AUDIT  
404 James Robertson Parkway, Suite 190  
NASHVILLE, TENNESSEE 37219  
615-862-6158

## METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

March 18, 2016

Mr. Scott Potter  
Director  
Metro Nashville Department of Water and Sewer Services  
1600 Second Avenue North  
Nashville, Tennessee 37208

Mr. Potter:

### REQUEST FOR INVESTIGATION – METRO WATER SERVICES STORMWATER GRATES UPGRADE INSPECTIONS ALLEGATIONS

The Metropolitan Nashville Office of Internal Audit conducted an investigation pertaining to a request received, on January 27, 2016, from you regarding allegations of contractors associated with the Bike Friendly Grate program being paid without benefit of inspection and conspiracy to defrauding the public

The enclosed report provides additional details concerning our review and investigation of these matters.

Our investigation concluded that Metro Water Services Stormwater Division was not routinely performing post-upgrade grate inspections prior to invoice payment in 2014 and 2015. This allegation was therefore **substantiated**. The allegation that management of Metro Water Services conspired to defraud the public was **unsubstantiated**.

Work for this request is closed. Please contact me should you have any further question concerning this matter.

Sincerely,

A handwritten signature in black ink that reads "Mark S. Swann".

Mark S. Swann

Enclosure  
cc: Honorable Mayor Megan Barry, Metropolitan Nashville Government

## Swann, Mark (Internal Audit)

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**From:** Swann, Mark (Internal Audit)  
**Sent:** Thursday, June 16, 2016 3:28 PM  
**To:** Potter, Scott (WS)  
**Subject:** RE: Request For Investigation - Metro Water Services Stormwater Grates Upgrade Inspections Allegations

I will include this as an information item for the July 12 Audit Committee meeting.

Thank you.

---

**From:** Potter, Scott (WS)  
**Sent:** Thursday, June 16, 2016 2:51 PM  
**To:** Swann, Mark (Internal Audit); Neumaier, Tony (WS); Potter, Scott (WS)  
**Cc:** Allman, Sonia (WS); Kennedy, John (WS); Davis, Ivan (WS)  
**Subject:** FW: Request For Investigation - Metro Water Services Stormwater Grates Upgrade Inspections Allegations

Mark, please report to the Audit Committee that we have completed the inventory of all the storm grates. As noted below, 4 of 1371 grates (.003 of the inventory) were billed incorrectly.

Scott

---

**From:** Swift, Ricky (WS)  
**Sent:** Thursday, June 16, 2016 2:29 PM  
**To:** Potter, Scott (WS)  
**Subject:** RE: Request For Investigation - Metro Water Services Stormwater Grates Upgrade Inspections Allegations

Inventory of invoices completed. CK Masonry billed for 1,371 grates of which 4 were located that they overlooked. The four are being addressed by them now.

Mark S. Swann  
Metropolitan Auditor



OFFICE OF INTERNAL AUDIT  
404 James Robertson Parkway, Suite 190  
NASHVILLE, TENNESSEE 37219  
615-862-6158

## METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

May 10, 2016

Mr. Fred Carr  
Metropolitan Nashville Public Schools  
2601 Bransford Ave  
Nashville, TN 37204

Dear Mr. Carr:

### CARL BLACK CHEVROLET INVOICES INVESTIGATION

The Metropolitan Nashville Office of Internal Audit conducted an investigation pertaining to a request received, on March 17, 2016, from you regarding allegations involving billing errors by Carl Black Chevrolet resulting in overpayments by Metropolitan Nashville Public Schools.

The enclosed report provides additional details concerning our review and investigation of these matters.

The investigator, with the assistance of Metropolitan Nashville Public Schools Fleet staff, determined that Metropolitan Nashville Public Schools is due \$52,331 in addition to the \$124,495 calculated by fixed operations manager with Carl Black Chevrolet Buick GMC of Orlando. Based on our investigation, we recommend that the Metro Nashville Public Schools request reimbursement of \$176,826 from Carl Black Chevrolet.

Work for this request is closed. Please contact me should you have any further question concerning this matter.

Sincerely,

A handwritten signature in black ink that reads "Mark S. Swann".

Mark S. Swann

### Enclosure

cc: Honorable Mayor Megan Barry, Metropolitan Nashville Government  
Chris Henson, Interim Director, Metropolitan Nashville Public Schools  
Taffy Marsh, Director of Transportation, Metropolitan Nashville Public Schools  
Jon Cooper, Director, Metropolitan Nashville Department of Law

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**Office of Internal Audit Budget versus Actual  
GSD General Fund as of July 22, 2016  
FY 2016 Approved Budget**

|                                   |  | <b>FY 2016<br/>Budget</b> | <b>Actual As of<br/>July 22, 2016</b> | <b>Difference</b> | <b>Notes</b>           |
|-----------------------------------|--|---------------------------|---------------------------------------|-------------------|------------------------|
| Total Salaries & Fringe           |  | \$ 1,049,900              | 823,665                               | \$ 226,235        |                        |
| Other Expenses                    |  |                           |                                       |                   |                        |
| Professional & Purchased Services |  | 75,100                    | 46,933                                | 28,167            |                        |
| Building Rent Parkway Towers      |  | 55,500                    | 54,964                                | 537               |                        |
| Other Expenses                    |  | 71,700                    | 55,223                                | 16,477            |                        |
| Internal Service Fees             |  | 38,200                    | 38,200                                | -                 | Information Technology |
| <b>TOTAL EXPENSES</b>             |  | <b>\$ 1,290,400</b>       | <b>\$ 1,018,985</b>                   | <b>\$ 271,416</b> |                        |

30003 General Fund 4% Reserve \$ 11,689 \$ 2,964 \$ 8,725 New office furniture

**FY 2017 Approved Budget Improvements**

|                       |                  |
|-----------------------|------------------|
| Management Consulting | \$ 50,000        |
| COLA & Merit Salaries | 35,800           |
| Fringe                | 7,200            |
| Total Improvements    | <u>\$ 93,000</u> |

**Office of Internal Audit Budget History**

| <b>For the year ending June 30,</b> | <b>Co-sourcing<br/>Audit Budget</b> | <b>Total Budget</b> | <b>Co-sourcing<br/>Percent of<br/>Budget</b> | <b>FTE</b> |
|-------------------------------------|-------------------------------------|---------------------|--|------------|
| <b>2008</b>                         | <b>\$ 500,000</b>                   | <b>\$ 1,477,000</b> | <b>34%</b>                                   | <b>10</b>  |
| 2009                                | 231,000                             | 1,481,600           | 16%  | 13         |
| 2010                                | 112,000                             | 1,262,000           | 9%   | 12         |
| 2011                                | 234,000                             | 1,359,800           | 17%  | 11         |
| 2012                                | 165,000                             | 1,265,400           | 13%  | 10         |
| 2013                                | 156,200                             | 1,277,900           | 12%  | 10         |
| 2014                                | 60,200                              | 1,179,300           | 5%   | 10         |
| 2015                                | 45,100                              | 1,214,900           | 4%   | 10         |
| 2016                                | 75,100                              | 1,290,400           | 6%   | 10         |
| 2017*                               | 125,100                             | 1,383,400           | 9%   | 10         |

\*Estimated Amount

# Metropolitan Nashville Office of Internal Audit

## Executive Team

Mark Swann  
CPA, CIA, CISA, ACDA  
Metropolitan Auditor  
X26158

## Project and Office Management Leadership

**Qian Yuan**  
MS-Info Sys, CIA,  
CISA, ACDA  
Principal Auditor  
x26111

**William (Bill) Walker**  
CPA, CIA  
Principal Auditor  
x26714

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

## Audit Talent Pool

**Seth Hatfield**  
Macc, CPA, CIA  
Senior Auditor  
x79672

**Herman (Jack)  
Henry**  
CPA, CGFM,  
CGMA  
Senior Auditor  
X26286

**James Carson**  
MBA, CIA, CFE  
Senior Auditor  
X26430

**TBA**  
Macc, CPA,CFE,  
CGFM  
Senior Auditor  
Start: July 25

**Laura Henry**  
Macc, CFE  
Auditor I  
x26456

**Nan Wen**  
MS-Info Sys, MS-  
Acctg, CPA  
Auditor I  
x26429

OPEN

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY



MEGAN BARRY  
MAYOR

DIRECTOR OF FINANCE  
METROPOLITAN COURTHOUSE  
ONE PUBLIC SQUARE, SUITE 108  
NASHVILLE, TENNESSEE 37201  
(615) 862-6151  
(615) 862-6156 FAX

**MEMORANDUM**

**To:** Metro Department Heads Governed by a Board/Commission  
**From:** Talia Lomax-O'dneal, Director of Finance  
Veronica Frazier, Director of Human Resources  
**Date:** January 14, 2016  
**Subject:** Recommendations for Salary Adjustments

Please be advised that salary recommendations for Department Heads/Directors require full Board/Commission approval prior to consideration by the Department of Finance and the Department of Human Resources. All such recommendations must be made with assurance that both adequate funding is available within the organization's allocated budget for the fiscal year, and is in accordance with the approved Metro pay plan prior to Board/Commission action.

Please share this information with your Board/Commission.

Feel free to contact either one of us if you have any questions.

Thank you.

copy: Rich Riebeling, COO



Brack Reed  
Committee Vice Chairman



Metropolitan Nashville Audit Committee  
404 James Robertson Parkway, Suite 190  
Nashville, Tennessee 37219

## METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

July 26, 2016

Talia Lomax-O'dneal  
Director of Finance  
1 Public Square, Suite 106  
Nashville, Tennessee 37201

Veronica Frazier  
Director of Human Resources  
404 James Robertson Parkway, Suite 1000  
Nashville, Tennessee 37219

Dear Ms. Lomax-O'dneal and Ms. Frazier,

Subject: Metropolitan Auditor Fiscal Year 2017 Salary Adjustment

The Metropolitan Nashville Audit Committee recommended, and the Metropolitan Nashville Council elected Mark Swann to serve as Metropolitan Auditor for a second eight-year term commencing July 1, 2014. The Committee is satisfied with the performance of the Metropolitan Auditor and concurs with his current \$146,525 annual base salary along with a merit increase of 1.5 percent (\$2,198) plus participation in the Office of Internal Audit merit equal share pool (\$813), for a total salary merit increase of \$3,011. After the total salary merit increase, the Metropolitan Auditor's annual salary will be \$149,536 effective July 1, 2016.

Also, the Committee concurs that the Metropolitan Auditor, Mark Swann, will earn and accrue vacation leave on a monthly basis at 20 work days or 160 hours annually, and will earn and accrue sick leave on a monthly basis at 12 days or 96 hours annually.

The Metropolitan Auditor having 24 or more sick leave days, in January of each year, may elect to convert up to 3 sick days to personal days. Such days are not cumulative and must be taken in the current calendar year and cannot be reconverted to sick leave.

Upon termination of employment, any earned and unused vacation leave will be paid at the Metropolitan Nashville Government payroll hourly rate for the Metropolitan Auditor.

Respectfully submitted,

Brack Reed

**METROPOLITAN NASHVILLE AUDIT COMMITTEE  
RECOMMENDED 2016 MEETING PLAN**

| <b>Meeting Date</b> | <b>Proposed Agenda Topics</b>   |
|---------------------|---|
| February 9, 2016    | <ul style="list-style-type: none"> <li>• Office of Internal Audit Annual Performance Report</li> <li>• Internal Audit Annual Work Plan approval</li> <li>• Internal Audit issued report discussion</li> <li>• Follow-up Comprehensive Annual Financial Report, Single Audit Report, and Management Letter</li> </ul>                      |
| April 12, 2016      | <ul style="list-style-type: none"> <li>• External Audit Single Audit and Management Letter presentation</li> <li>• Information Security Program Update</li> <li>• Internal Audit issued report discussion</li> <li>• Follow-up Comprehensive Annual Financial Report</li> </ul>   |
| July 12, 2016       | <ul style="list-style-type: none"> <li>• External Audit plan and required communications</li> <li>• Internal Audit issued report discussion</li> <li>• Follow-up Comprehensive Annual Financial Report, Single Audit Report, and Management Letter</li> </ul>   |
| September 13, 2016  | <ul style="list-style-type: none"> <li>• Metropolitan Audit Committee self-assessment</li> <li>• Metropolitan Auditor performance review</li> <li>• Bylaws annual review</li> <li>• Internal Audit issued report discussion</li> <li>• Executive Session - FY 2016 Comprehensive Annual Financial Report Audit Midpoint Update</li> </ul> |
| November 8, 2016    | <ul style="list-style-type: none"> <li>• Internal Audit issued report discussion</li> <li>• Executive Session – FY 2016 Draft Comprehensive Annual Financial Report Update</li> </ul>   |
| December 13, 2016   | <ul style="list-style-type: none"> <li>• External Audit Comprehensive Annual Financial Report</li> <li>• Internal Audit issued report discussion</li> </ul>   |



**2016 Internal Audit Work Plan As of July 22, 2016**  
**Plan Period February 2016 to January 2017**

| <b>*Co-source</b>              | <b>CY 2015 Audits In Progress</b>   | <b>Plan Hours</b> | <b>Actual Hours</b> | <b>Status</b> |
|--------------------------------|---|-------------------|---------------------|---------------|
| 1                              | Hotel Occupancy Tax Audits  | 80                | 76                  | Completed     |
| 2                              | Juvenile Court  | 100               | 60                  | Completed     |
| 3                              | Health Department - Immunization Programs (Reporting Phase)   | 50                | 9                   | Completed     |
| 4                              | Clerk and Master  | 120               | 119                 | Completed     |
| 5                              | Farmers Market (Field Work Phase)   | 300               | 572                 | Draft Report  |
| 6*                             | Information Technology Services - Microsoft Exchange Email Application Management(Reporting Phase)              | 200               | 207                 | Draft Report  |
| 7                              | Comcast Franchise Fee Audit (Reporting Phase)   | 150               | 183                 | Completed     |
| <b>CY 2016 New Audit Areas</b> |   |                   |                     |               |
| 1                              | Hotel Occupancy Tax Audits  | 500               | 36                  | In-Progress   |
| 2                              | Airport Authority - Expenditures (Accounts Payable)   | 600               |                     |               |
| 3*                             | Metro-wide Employee Safety Program  | 800               |                     |               |
| 4                              | Metropolitan Development and Housing Agency - Tax Incremental Financing   | 600               |                     |               |
| 5                              | Health and Educational Facilities Board   | 400               |                     |               |
| 6                              | State Trail Courts – Office of Conservatorship Management   | 800               |                     |               |
| 7*                             | General Services - Fleet Operations   | 800               |                     |               |
| 8*                             | Sports Authority – 1 <sup>st</sup> Tennessee Field Construction Contract  | 600               | 532                 | In-Progress   |
| 9                              | General Services – 800 MHz Radio Shop Recommendation Follow-up  | 100               |                     |               |
| 10                             | Metro Parks and Recreation – Park Police  | 800               |                     |               |
| 11                             | Hospital Authority – General Hospital Expenditures (Payroll and Accounts Payable Process)                       | 1,000             |                     |               |
| 12                             | Public Works - Smart City Traffic System Development Project  | 500               |                     |               |
| 13                             | Metro Water Services - Storm Water Revenue  | 800               |                     |               |
| 14                             | Human Resource Department - Hiring Process  | 800               | 434                 | In-Progress   |
| 15                             | Finance – Purchasing Department   | 800               |                     |               |
| 16*                            | Finance – Treasury Debt Financial Instrument Issuance Process   | 800               | 201                 | In-Progress   |
| 17                             | Information Technology Services – Information Back-up and Recovery  | 600               |                     |               |
| 18                             | Metropolitan Nashville Public Schools – Student Information Systems and District/School Accountability System   | 800               | 1,173               | In-Progress   |
| 19*                            | Metro Water Services – Clean Water Nashville Overflow Abatement Program – Selected Projects Contract Compliance | 400               |                     |               |
| 20                             | Nashville Fairgrounds Planning Phase  | 600               | 208                 | In-Progress   |

**2016 Internal Audit Work Plan As of July 22, 2016**  
**Plan Period February 2016 to January 2017**

|   |  |       |       |           |
|---|--|-------|-------|-----------|
| <b>Fraud, Waste, and Abuse Investigations and Hotline Support</b> |  |       |       |           |
|   | Fraud, Waste, and Abuse Investigations and Hotline Support | 1,200 | 1,272 |           |
| <b>Recommended Additions to CY 2016 Internal Audit Plan</b>       |  |       |       |           |
|   | Finance Department – Credit Card Usage                     | 200   | 207   | Completed |
|   | Health Department – Compliance and Operational Audit       | 600   |       |           |
|   |  |       |       |           |

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# Metropolitan Audit Committee

Metropolitan Code of Laws Section 2.24.300

Term-varied

6 Members

|  | <u>Date of Appt.</u> | <u>Term Exp.</u> |
|--|----------------------|------------------|
| <b>Mr. Robert C. Brannon</b><br>173 Jefferson Square<br>Nashville, TN 37215-<br>(615) 385-2491      bbrannon@associatedpackaging.com<br>Representing: TSCPA, Nashville Chapter     | <b>2/2/2013</b>      | <b>3/20/2017</b> |
| <b>Vice Mayor David Briley</b><br>One Public Square, Suite 204<br>Nashville, TN 37201-<br>(615) 880-3357      david.briley@nashville.gov<br>Representing:                          | <b>9/1/2015</b>      | <b>8/31/2019</b> |
| <b>Mr. John Cooper</b><br>3925 Woodlawn Drive<br>Nashville, TN 37205-<br>(615) 969-4444      CooperAtLarge@nashville.gov<br>Representing: Metro Council                            | <b>10/20/2015</b>    | <b>9/30/2017</b> |
| <b>Ms. Talia Lomax-O'dneal</b><br>One Public Square, Suite 106<br>Nashville, TN 37201-<br>(615) 862-6151      talia.lomaxodneal@nashville.gov<br>Representing: Director of Finance | <b>10/1/2015</b>     |                  |
| <b>Mr. Bob Mendes</b><br>One Public Square, Suite 204<br>Nashville, TN 37201-<br>(615) 756-3533      bob.mendes@nashville.gov<br>Representing: Metro Council                       | <b>10/20/2015</b>    | <b>9/30/2017</b> |
| <b>Mr. Brack Reed</b><br>511 Union Street, Suite 1400<br>Nashville, TN 37219-<br>(615) 770-8494      brack_reed@gspnet.com<br>Representing: Nashville Area Chamber of Commerce     | <b>2/20/2015</b>     | <b>3/20/2019</b> |

Printed 09-May-16

**Metropolitan Clerk's Office**





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

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**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**

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- 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**

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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**

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**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**

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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**

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**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**

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**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**

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**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.

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

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

**SELECTED METRO CHARTER and CODE SECTIONS RELATED TO AUDIT**

*Council*

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

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

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

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

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

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

*Metro Code 2.04.033 – Metropolitan Council*

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

*Mayor and Department of Metropolitan Finance*

*Metro Charter Section 5.03 – Power and authority of mayor.*

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

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

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

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

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



**METROPOLITAN GOVERNMENT OF NASHVILLE  
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METROPOLITAN AUDIT COMMITTEE**

**SELECTED METRO CHARTER and CODE SECTIONS RELATED TO AUDIT**

***Division of Metropolitan Audit***

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

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

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

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

***Tennessee Code Annotated***

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

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

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

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

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

- (1) Items deemed not subject to public inspection under §§ 10-7-503 and 10-7-504, and all other matters designated as confidential or privileged under this code;
- (2) Current or pending litigation and pending legal controversies;
- (3) Pending or ongoing audits or audit related investigations;

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- (4) Information protected by federal law; and
- (5) Matters involving information under § 9-3-406 where the informant has requested anonymity.

***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 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. 4-3-304***

(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. "Working papers" includes, but is not limited to, auditee records, intra-agency and interagency communications, draft reports, schedules, notes, memoranda and all other records relating to an audit or investigation by internal audit staff.

***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.**

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T.C.A. 4-18-101 False Claims Act**

**4-18-103. Liability for violations.**

(a) Any person who commits any of the following acts shall be liable to the state or to the political subdivision for three (3) times the amount of damages that the state or the political subdivision sustains because of the act of that person. A person who commits any of the following acts shall also be liable to the state or to the political subdivision for the costs of a civil action brought to recover any of those penalties or damages, and shall be liable to the state or political subdivision for a civil penalty of not less than two thousand five hundred dollars (\$2,500) and not more than ten thousand dollars (\$10,000) for each false claim:

- (1) Knowingly presents or causes to be presented to an officer or employee of the state or of any political subdivision thereof, a false claim for payment or approval;
  - (2) Knowingly makes, uses, or causes to be made or used a false record or statement to get a false claim paid or approved by the state or by any political subdivision;
  - (3) Conspires to defraud the state or any political subdivision by getting a false claim allowed or paid by the state or by any political subdivision;
  - (4) Has possession, custody, or control of public property or money used or to be used by the state or by any political subdivision and knowingly delivers or causes to be delivered less property than the amount for which the person receives a certificate or receipt;
  - (5) Is authorized to make or deliver a document certifying receipt of property used or to be used by the state or by any political subdivision and knowingly makes or delivers a receipt that falsely represents the property used or to be used;
  - (6) Knowingly buys, or receives as a pledge of an obligation or debt, public property from any person who lawfully may not sell or pledge the property;
  - (7) Knowingly makes, uses, or causes to be made or used a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to the state or to any political subdivision;
  - (8) Is a beneficiary of an inadvertent submission of a false claim to the state or a political subdivision, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the state or the political subdivision within a reasonable time after discovery of the false claim; or
  - (9) Knowingly makes, uses, or causes to be made or used any false or fraudulent conduct, representation, or practice in order to procure anything of value directly or indirectly from the state or any political subdivision.
- (e) This section does not apply to claims, records, or statements made pursuant to workers' compensation claims.

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(f) This section does not apply to claims, records, or statements made under any statute applicable to any tax administered by the department of revenue.

**4-18-104. Investigation and prosecution.**

(b) (1) The *prosecuting authority of a political subdivision shall diligently investigate violations under § 4-18-103 involving political subdivision funds*. If the prosecuting authority finds that a person has violated or is violating § 4-18-103, the prosecuting authority may bring a civil action under this section against that person.

(c) (1) *A person may bring a civil action for a violation of this chapter for the person and either for the state of Tennessee in the name of the state, if any state funds are involved, or for a political subdivision in the name of the political subdivision, if political subdivision funds are involved, or for both the state and political subdivision if state and political subdivision funds are involved. The person bringing the action shall be referred to as the qui tam plaintiff.* Once filed, the action may be dismissed only with the written consent of the court, taking into account the best interests of the parties involved and the public purposes behind this chapter.

(B) For purposes of subdivision (d)(3)(A), "*original source*" means an individual, who has *direct and independent knowledge of the information on which the allegations are based*, who voluntarily provided the information to the state or political subdivision before filing an action based on that information, and whose information provided the basis or catalyst for the investigation, hearing, audit, or report that led to the public disclosure as described in subdivision (d)(3)(A).

(2) If the state or *political subdivision proceeds* with an action brought by a qui tam plaintiff under subsection (c), *the qui tam plaintiff shall, subject to subdivisions (g)(4) and (5), receive at least twenty-five percent (25%) but not more than thirty-three percent (33%) of the proceeds* of the action or settlement of the claim, depending upon the extent to which the qui tam plaintiff substantially contributed to the prosecution of the action. ...

(3) If the state or *political subdivision does not proceed with an action* under subsection (c), the qui tam plaintiff shall, subject to subdivisions (g)(4) and (5), receive an amount that the court decides is reasonable for collecting the civil penalty and damages on behalf of the government. The amount shall be *not less than thirty-five percent (35%) and not more than fifty percent (50%)* of the proceeds of the action or settlement and shall be paid out of these proceeds.

***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,** ...”

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**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**

“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.”

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# Metropolitan Nashville Audit Committee

## Executive Session Checklist

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

## Permissible Executive Session Subject Matter

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