

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



***METROPOLITAN NASHVILLE  
AUDIT COMMITTEE***

***WORKBOOK***

**February 28, 2017**

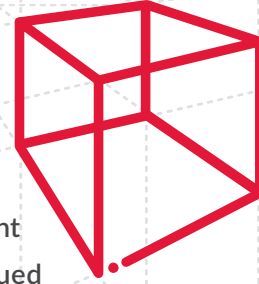
**Mr. Robert C. Brannon**

**25 Years of Serving the Metropolitan Nashville Government**

***Thank  
You***

# Executive Perspectives on Top Risks for 2017

Board members and C-suite executives see a riskier environment for business in 2017 compared to the prior year, according to an annual survey from North Carolina State University's ERM Initiative and Protiviti. Among the many contributing factors: The impact of the U.K. Brexit vote, increased volatility in commodity markets, polarization surrounding the recent U.S. presidential election, terrorist events, asset bubbles in China, continued discussion about fair wages and income equality, and ongoing instability in the Middle East.



The overall global business context is perceived to be noticeably more risky in 2017.

Concerns about economic conditions top the list of risk issues for the coming year, followed closely by regulatory changes and scrutiny.

Cyberthreats, information security and privacy remain critical issues for organizations to address.

RISK ISSUE	2017*	2016*	YOY Trend
Economic conditions	6.61	5.83	↑
Regulatory changes and regulatory scrutiny	6.51	6.06	↑
Cyberthreats	5.91	5.80	↑
Rapid speed of disruptive innovations and new technologies	5.88	5.48	↑
Privacy/identity management and information security	5.87	5.55	↑
Succession challenges and ability to attract and retain top talent	5.76	5.63	↑
Volatility in global financial markets and currencies	5.67	5.33	↑
Organization's culture may not encourage timely identification and escalation of risk issues	5.66	5.30	↑
Resistance to change operations	5.63	5.40	↑
Sustaining customer loyalty and retention	5.62	5.28	↑

\* Scores are based on a 10-point scale, with "10" representing that the risk issue will have an extensive impact on the organization.

**About the Survey** This annual survey of board members and C-suite executives was conducted online in the fall of 2016. Each respondent was asked to rate 30 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.

The full survey report, Executive Perspectives on Top Risks for 2017, 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.

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NC STATE Poole College of Management  
Enterprise Risk Management Initiative



**METROPOLITAN NASHVILLE  
METROPOLITAN AUDIT COMMITTEE MEETING AGENDA  
February 28, 2017 4:00 p.m.**

**Committee Room 2  
205 Metropolitan Courthouse**

- I. Call Meeting to Order (Bob Brannon - Committee Chairman)
- II. Approval of Minutes for December 13, 2016, Meeting (Bob Brannon – Committee Chairman)
- III. New Business
  - Discussion on Audit of Park Police audit report issued February 24, 2017). (James Carson – Senior Internal Auditor)
  - Discussion on request from the Metropolitan Nashville Council Members Jim Shulman, Nick Leonardo, and Scott Davis for the Office of Internal Audit to conduct a performance and financial audit of matters stemming from the lease and purchase agreement with Autumn Assisted Living Partners, Inc. and the purchase agreement with Vision Real Estate Investment Corporation. (Mark Swann – Metropolitan Auditor)
  - Discussion of the Office of Internal Audit Recommended 2017 Annual Work Plan (Mark Swann – Metropolitan Auditor)
- IV. Unfinished Business
  - Discussion on internal audit legislation (John Cooper - Council Member)
- V. Other Business
  - Follow-up on FY 2016 Comprehensive Annual Financial Report (Bob Brannon – Committee Chairman)
- VI. Internal Audit Project Status (Mark Swann – Metropolitan Auditor)
- VII. Other Administrative Matters (Mark Swann – Metropolitan Auditor)
  - FY2016 budget status
  - Office of Internal Audit 2016 Performance Report and Metropolitan Nashville Audit Committee Annual Report to the Metropolitan Nashville Council
- VIII. Consideration of Items for Future Meetings (Bob Brannon - Committee Chairman)
- IX. Recognition of Bob Brannon’s 25 years of audit committee volunteer service.
- X. Adjournment of public meeting – Next Meeting Tuesday, April 11, 2017.
- XI. Executive session agenda. (Bob Brannon - Committee Chairman)
  - Discussion of pending or ongoing audits or audit related investigations.

# METROPOLITAN NASHVILLE METROPOLITAN AUDIT COMMITTEE MEETING AGENDA February 28, 2017 4:00 p.m.

Note: Upon a majority vote of committee members in attendance for the public portion of the meeting, the Metropolitan Nashville Audit Committee may hold confidential, nonpublic executive sessions to discuss the following items (T.C.A. § 9-3-405<sup>1</sup>):

1. Items deemed not subject to public inspection under T.C.A. §§ 10-7-503<sup>2</sup> and 10-7-504<sup>3</sup> 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; and
5. Matters involving information under T.C.A. § 9-3-406<sup>4</sup> where the informant has requested anonymity.



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

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

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

<sup>3</sup> T.C.A. § 10-7-504. Confidential records.

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

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

**DRAFT  
December 13, 2016**

On Tuesday December 13, 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  
John Cooper, Council Member  
Talia Lomax-O'dneal, Director of Finance  
Bob Mendes, Council Member

Others

Mark Swann, Metropolitan Auditor  
Phil Carr, Chief Accountant  
Tom Eddlemon, Treasurer  
Mark Macy, Nashville Public Works  
Chip Knauf, Nashville Public Works  
Tara Ladd, Department of Law  
Rachelle Gallimore-Scruggs, Office of Conservatorship Management  
Ron Taylor, Overflow Abatement Program Director  
Dell Crosslin, Crosslin & Associates  
John Crosslin, Crosslin & Associates  
David Hunt, Crosslin & Associates  
Angie Hoake, Crosslin & Associates  
Mary Cole, Office of Internal Audit  
Laura Henry, Office of Internal Audit  
Nan Wen, Office of Internal Audit

*Quorum present? Yes*

**CALL MEETING TO ORDER**

Mr. Bob Brannon called the meeting to order.

**APPROVAL OF MINUTES**

A motion to approve November 17, 2016, meeting minutes was made, seconded, and carried.

**NEW BUSINESS**

Audit of the Conservatorship Management

Ms. Nan Wen discussed the primary objectives and conclusions of the audit. Ms. Lomax-O'dneal asked if pending legislation would affect the Office of Conservatorship Management. Ms. Gallimore-Scruggs advised no. A discussion ensued over the nature and type cases the office reviews. Ms. Gallimore-Scruggs explained the difference between the Care of Property cases vs Care of Person cases. Mr. Briley asked how this program was funded and if any other jurisdictions have a similar function. Ms. Lomax-O'dneal advised the program is funded through the general fund. Ms. Gallimore-Scruggs advised that the Metropolitan Nashville Government is the first to offer this type oversight. There is a recognition that there is a need due to reported abuse. Mr. Mendes pointed out that the genesis for this office came from issues related to



conservatorships in Nashville a couple of years ago. He stated that he remembered Judge Kennedy not having enough resources to ensure fiduciary responsibilities were being met.

#### Audit of the Metropolitan Nashville Public Schools Performance Reporting Process

Ms. Laura Henry discussed the primary objectives and conclusions of the audit. A discussion ensued over the categories of information in the report that were deemed confidential and the reasons this information was restricted from public purview. It was determined that the confidential classification was appropriate but that it would be helpful to inform the public the reasons why certain information was excluded from the public. A discussion was also made on the number of employees involved in the data integrity group, the ability of school staff to change grades, and the length of time that Metropolitan Nashville Public Schools stated was needed to implement the report's recommendations. Mr. Mendes asked if grades could be modified without detection. Simply stated, Mr. Clay, Mr. Swann, and Ms. Henry answered yes and that the recommendations within the audit will help remedy this issue. Mr. Mendes asked if the recommendations could be implemented sooner, preferably by the next school year, given the importance of the recommendations. Mr. Clay advised that Metropolitan Nashville Public Schools would do their best and keep the Office of Internal Audit abreast of their progress. Mr. Cooper asked if there was a financial incentives for grades to be modified. Mr. Clay advised if there are any they would be very limited. Mr. Clay advised he would need to research the question further and report back to the audit committee. Mr. Clay advised the report had been presented to the Metropolitan Nashville Public Schools Board.

#### Audit of the Public Works Traffic Signalization Improvement Project

Ms. Mary Cole discussed the primary objectives and conclusions of the audit. A discussion ensued regarding the nature of the Traffic Signalization Improvement project. Mr. Knauf advised this is the second largest project of its type in the United States. The project was completed on time and under budget. The software and hardware for this project have been put in place to facilitate the next phase of implementing an advance traffic management system. Mr. Cooper asked if the system could be hacked. Mr. Knauf advised that they have been working closely with the Information Technology Services Department regarding security controls. Mr. Briley asked if traffic congestion had been significantly reduces as a result of this project. Mr. Knauf advised they have not received the post-project completion reports yet but that he expects significant reduction in delays, fuel consumption, and emissions. Ms. Lomax-O'dneal suggested the report should be distributed publically and not be strictly an internal document. Mr. Mendes advised he has noticed improvements in the West End Corridor.

#### Follow Up on the Debt Finance Audit

The discussion ensued around issuance cost with particular focus on the cost of underwriters. Mr. Cooper advised he was concerned that the data used to determine if underwriter costs were reasonable may have been limited. Mr. Swann advised there were many variables that went into such fees and that comparing apples to apples in this type analysis was complex. Experis, who conducted the audit, concluded that the fees appeared reasonable based on their professional judgment. The Office of Internal audit also did work to assess the reasonableness of issuance cost and found such cost to be reasonable. Mr. Swann advised more work could be done, if desired. Mr. Cooper asked if a meeting could be set up with Experis to view their work. Mr. Swann advised yes. Mr. Briley advised that the State also provides oversight over all debt that we issue. A discussion ensued on the type of oversight this entailed.

Discussion of the Metropolitan Water Services Clean Water Nashville Overflow Abatement Program.

Mr. John Crosslin discussed the primary objectives, scope and conclusions of the audit. A discussion ensued over the remediation plan, which has still not been approved by the Environmental Protection Agency. The State of Tennessee's requirements in this area are more restrictive than the Environmental Protection Agency's. The reason the remediation plan has not been approved is that while our plan meets the Environmental Protection Agency's standards, they do not meet the State's requirements that are more restrictive. The approval of our remediation plan could be positively impacted if the State of Tennessee adopts the Environmental Protection Agency's guidelines.

External Auditor Presentation of the Comprehensive Financial Annual Report for Fiscal Year 2016

Mr. David Hunt discussed the primary objectives, methodologies and conclusions of the fiscal year 2016 financial audit. This information was included in the presentation handout "Audit Results for FY2016 Financial Statements" distributed to the Committee. Crosslin and Associates is still working on the Metropolitan Nashville Public Schools Internal School Funds audit, Single Audit, Management Letter and Data Collection form. A discussion ensued over Statement of Governmental Accounting Standards (GASB) 45 and unfunded other post-employment benefits (OPEB) amounts. Additional conversation over Metropolitan Nashville General Hospital revenue streams from outside agencies and its going concern status also ensued.

A motion was made to accept the audit of the Comprehensive Annual Financial Statements. The motion was seconded and carried.

**UNFINISHED BUSINESS**

Update on Internal Audit Legislation

Mr. Swann advised he and the Legal Department had been working on some of the language of the legislation. A discussion ensued regarding the Metropolitan Hotline.

**INTERNAL AUDIT PROJECT STATUS**

Mr. Swann gave a status of audit projects and investigations.

**OTHER ADMINISTRATIVE MATTERS**

Mr. Swann advised the Office of Internal Audit had one employee retire and was in the process of recruiting another auditor.

The public meeting adjourned after approximately 1 hour and 45 minutes.

Respectfully submitted to the Metropolitan Nashville Audit Committee.

Mark Swann  
Secretary, Metropolitan Nashville Audit Committee

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

**November 17, 2016**

On Thursday, November 17, 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  
John Cooper, At-Large Council Member  
Brack Reed, Director of Finance  
Talia Lomax-O'Dneal, Director of Finance

Others

Mark Swann, Metropolitan Auditor  
Phil Carr, Chief Accountant  
Laura Schloesser, Fairgrounds Nashville  
Doug Peters, Fairgrounds Nashville  
Theresa Costonis, Department of Law  
Gene Nolan, Department of Finance  
David Hunt, Crosslin & Associates  
Angie Hoke, Crosslin & Associates  
Bill Walker, Office of Internal Audit  
Charles Fraizer, Nashville Chapter of  
Tennessee Society of CPA's

*Quorum present? Yes*

**CALL MEETING TO ORDER**

Mr. Bob Brannon called the meeting to order.

**APPROVAL OF MINUTES**

A motion to approve September 13, 2016, meeting minutes was made, seconded, and carried.

**NEW BUSINESS**

Audit of the Information Technology Services – Email Services

Mr. Mark Swann advised the audit had been completed. A copy of the confidential report was submitted to Mr. Mendez. The report was confidential because it could detail vulnerabilities and weaknesses to Metropolitan Nashville information technology systems. Mr. Swann stated that email services are managed well. No additional discussion ensued.

Audit of the Nashville Fairgrounds

Mr. Seth Hatfield discussed the primary objectives and conclusions of the audit. Ms. Talia Lomax-O'Dneal inquired if the technological enhancements recommended would be readily available and/or expensive. Mr. Hatfield advised the research he conducted showed there were several "out of the box systems" that were in the market and thus readily available. Ms. Laura Schloesser stated that in her experience expenses related to the type of system enhancements needed would be moderate.

Mr. John Cooper inquired about the capital improvements to be made at the Fairgrounds Nashville. Mr. Doug Peters advised approximately \$55,000 had been spent to date, primarily on

design work and survey of the property. Ms. Schlosser advised that construction will begin at the beginning of 2017.

#### Audit of the Debt Management Process

Mr. Swann advised that the Office of Internal Audit had procured the services of Experis Finance to perform this audit. The audit revealed that the debt management policies of the Metropolitan Nashville Government conform to Government Finance Officers Association Best Practices with one exception. This exception pertained to derivative instruments and the fact the Metropolitan Nashville Government does not have a specific policy for derivative instruments. However, the general Metropolitan Nashville Government does not engage in derivative financing, and the Department of Finance has stated that a policy will be established should that ever change. The audit also revealed that debt is being spent on its intended purpose and that Metropolitan Nashville Government is in conformity with regulatory requirements.

Mr. Cooper inquired if debt management services were competitive bid out or negotiated. Mr. Gene Nolan advised revenue bonds and refund bonds are typically negotiated whereas general obligation bonds are bid out. Mr. Nolan advised he could provide a breakdown. Mr. Cooper asked if there was a policy requiring that all such services be bid in all cases. Mr. Nolan said the policy is a function of the type of debt issued. Mr. Swann advised there is a policy which is about 5-6 pages which was approved by the Metropolitan Nashville Council. State law requires a debt policy that is approved by an entities legislative body. Mr. Cooper asked if he could obtain information regarding our issuance costs relative to peer groups. Mr. Swann advised yes.

Mr. David Briley wished to confirm that the derivatives issue was the only deviation from best practices observed. Mr. Swann advised there was another exception identified by Experis Finance pertaining to the inclusion of "disclaimer of underwriter" language in official statements. Government Finance Officers Association Best Practices indicated this language should be excluded from official statements. However, it was prevalent that other peer jurisdiction, of similar operating expenditures, includes the "disclaimer of underwriter" language in their official statements.

Mr. Cooper inquired about the number of underwriters utilized by Metropolitan Nashville Government Mr. Nolan, and Ms. Lomax-O'Dneal advised that the Department of Finance could provide that information for Mr. Cooper.

#### Notification of the Follow-Up Audit of the Nashville Radio Division

Mr. Swann discussed the primary objectives and conclusions of the follow-up audit. No discussion ensued.

#### Request to Conduct an Audit of the Office of the Property Assessor

Mr. Swann advised that a request had been submitted by the new Metropolitan Assessor, Ms. Vivian Wilhoite, to perform an audit of their procurement process. Mr. Brannon asked if Mr. Swann believed the audit should be performed. Mr. Swann advised the he wants to accommodate request for assurance services whenever possible. Conducting the audit would also allow the Office of Internal Audit to conduct a follow-up audit on recommendations made from the previous audit.

A motion was made to approve amending the 2016 Annual Internal Audit Work Plan to include an audit of the Metropolitan Nashville Government's Office of the Property Assessor. The motion was seconded and carried.

#### Request to Conduct an Audit of the Human Relations Commission

Ms. Lomax-O'Dneal advised this request is a function of an audit conducted by the Finance Department over procurement card transactions. Ms. Lomax-O'Dneal advised it was determined that this activity should be reviewed in more depth.

Mr. Swann advised that the audit should expand beyond procurement card purchases and look at the office as a whole. Mr. Swann stated that the Human Relations Office was a relatively small office and had not been audited in several years.

A motion was made to approve amending the 2016 Annual Internal Audit Work Plan to include an audit of the Human Relations Commission. The motion was seconded and carried.

### **UNFINISHED BUSINESS**

#### Auditor Performance Measures

A motion was made to approve the proposed performance measures of the Metropolitan Auditor as presented on pages 27-30 of the Metropolitan Audit Committee Workbook. The motion was seconded and carried.

#### Discussion on Fiscal Year 2015 Comprehensive Annual Financial Report

Mr. Brannon inquired if anyone had any comments regarding the 2015 Comprehensive Annual Financial Report. No discussion ensued.

#### Comprehensive Annual Financial Report for Fiscal Year 2015

Mr. Brannon inquired if anyone wanted to discuss this item. The response was to move forward.

#### Single Audit and Management Letter

Mr. Brannon inquired if anyone wanted to discuss this item. The response was to move forward.

### **INTERNAL AUDIT PROJECT STATUS**

Mr. Swann gave a status of audit projects and investigations.

### **OTHER ADMINISTRATIVE MATTERS**

Mr. Swann advised the Office of Internal Audit had just hired two new employees, Ms. Mary Cole and Mr. Innocent Darby.

Mr. Brannon announced his plan not to seek re-appointment to the Metropolitan Nashville Audit Committee after his current term expires in March 2017. The Nashville Chapter of the Tennessee Society of Certified Public Accountants has selected his replacement, Mr. Charles Fraizer. Mr. Fraizer, has many years' experience in both academic and private sector areas.

The public meeting adjourned after approximately 45 minutes.

**EXECUTIVE SESSION – ON-GOING AUDIT OF THE METROPOLITAN NASHVILLE  
GOVERNMENT FINANCIAL REPORTS**

Immediately after the public meeting was adjourned a motion to start an executive session of the Metropolitan Nashville Audit Committee for discussing the on-going audit of the Metropolitan Nashville Government's fiscal year 2016 financial reports with the external auditors, Crosslin and Associates, was made, seconded, and carried.

The executive session meeting adjourned after approximately 20 minutes.

Respectfully submitted to the Metropolitan Nashville Audit Committee.



Mark Swann  
Secretary, Metropolitan Nashville Audit Committee

**Approved by the Metropolitan Nashville Audit Committee on December 13, 2016.**



## EXECUTIVE SUMMARY

February 24, 2017



### Why We Did This Audit

The audit was initiated because safe parks improve the quality of life for Metropolitan Nashville citizens and visitors, and based on the significance and risks associated with firearms, ammunition, and other inherently dangerous items.

### What We Recommend

- A periodic inventory of weapons.
- Improvements in monitoring training and related documentation.
- Monitoring of fuel usage.
- Consolidation or reconciliation between the two timekeeping systems.

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

## AUDIT OF PARK POLICE

### BACKGROUND

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The Park Police provide police services to the park system. They are tasked with patrolling and responding to calls for service within the 184 parks that encompass almost 13,000 acres of land in Davidson County. The officers utilize patrol cars, sport utility vehicles, all-terrain vehicles, horses, bicycles and foot patrols to aid in this task. They also investigate crimes that occur on Metro Nashville Park and Recreation property and conduct undercover operations. Officers have the same powers of arrest and duties as a Metro Nashville Police Department officer while in the parks. They are a division of the Parks and Recreation Department but receive their police powers by special commission issued by the Chief of Police.

The budget for the Park Police totaled \$1,715,100 for fiscal year 2017 which represents six percent of the Metro Nashville Parks and Recreation Department budget. They have 22 full and part-time positions.

### OBJECTIVES AND SCOPE

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The objectives of the audit were to determine:

- Controls are in place to ensure fiscal resources are managed.
- Controls are in place to ensure parks and greenways remain safe for all persons.

The audit scope was July 1, 2014, through June 30, 2016.

### WHAT WE FOUND

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The Park Police is successfully maintaining the safety of parks, park areas, and facilities with limited resources. Overall the function is well managed, and the staff has the equipment needed to perform their mission. All weapons are properly accounted for.

However, there is no periodic inventory of weapons assigned to the Park Police. Roll call training is not consistently acknowledged by all personnel. Fuel usage lacked adequate monitoring for the overall Metro Parks and Recreation Department. The timekeeping systems are not consistent with each other, and one system lacked the tracking ability for two categories of time off along with not having the capability of capping accrued sick time.





## METROPOLITAN COUNCIL

Metro Council Office

Dear Mr. Swan and the members of the Metropolitan Audit Committee:

The Metropolitan Council is currently considering an ordinance that is requesting the termination of an existing lease agreement ("Lease") with Autumn Assisted Living Partners, Inc. ("Autumn Partners") that requires Autumn Partners to operate and ultimately purchase the "old" Knowles Assisted Living Facility (now commonly known as Autumn Hills). There was also an agreement (executed at the same time as the Lease) between the Metropolitan Government and Vision Real Estate Investment Corp. that, contingent upon certain events occurring in the Lease, allowed Vision the opportunity to purchase roughly 74 acres of land owned by Metro. That agreement was terminated last Friday by the Metropolitan Government.

After an initial review of these measures, it is unclear what, if any, provisions in the two documents were ever complied with, including, but not limited to, improvements to the property, proper upkeep of the facility, payments to the Metropolitan Government, required insurance, and most importantly, the appropriate and required care of the residents of the facility. It has also been made clear, through initial inquiries and various reports from News Channel 5, that there is not sufficient documentation and/or proper bookkeeping for the operation of that facility during Autumn Partner's Lease with Metro, including documentation for the monies that were provided by the Metropolitan Hospital Authority at the urging of the Mayor's Office (see minutes attached) in 2014 to Autumn Assisted Living Partners, Inc. for the operation of the facility.

A request was made to the Metropolitan Department of Finance to conduct a performance and financial audit of the situation on September 20, 2016. As of today, no information stemming from that request has been received.

Because the Department of Finance may be better served by an outside review, we are, by this letter, requesting that your Committee take the appropriate steps to conduct a full and complete performance and financial audit stemming from the two agreements referenced in this matter. This request is being made pursuant to 4.12.180 of the Metropolitan Code that states that "the metropolitan government shall be entitled to audit the books and records of a contractor or any subcontractor under any contract or subcontract to the extent that such books and records relate to the performance of such contract or subcontract."

Because of the nature of the concerns involved and because this facility must comply with state (and federal) laws, we are copying the Tennessee Comptroller of the Treasury on this letter to let them know of this request.

We have reached the point in this matter where we need answers. We are asking for your help and assistance in getting those answers.

Sincerely,

Nick Leonardo

Jim Shulman

Scott Davis

# METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

## OFFICE OF INTERNAL AUDIT



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## 2017 AUDIT WORK PLAN

February 1, 2017, through January 31, 2018

Recommended to:  
Metropolitan Nashville Audit Committee  
February 28, 2017

*Execute a Focused Audit Plan*



## METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

February 28, 2017

Metropolitan Nashville Audit Committee Members,

Enclosed is a proposed slate of audits to be initiated in audit work plan year 2017. The draft work plan identifies 24 new audits in addition to 6 audits still in progress from the prior year work plan. Exhibit A below describes the allocation of 11,500 resource hours needed to complete 18 audits and 4 investigations during the 2017 plan year.

### Exhibit A – 2017 Audit Work Plan Allocation of Work Hours

<i>Status</i>	<i>Number of Projects</i>	<i>Budget Work Hours</i>
2016 Audits Currently In-Progress	6	700
New Performance Audits	12	9,600
<i>Total Audit Projects</i>	<i>18</i>	<i>10,300</i>
Metro Hotline Coordination		200
Investigation Request	4	1,000
<i>Total Report Deliverables</i>	<i>22</i>	<i>11,500</i>

The proposed work plan attempts to identify the risk that matters most and provide enterprise-wide audit coverage. The office solicited request for potential audit areas from Metropolitan Nashville management, council members, and internal audit staff in preparing this plan.

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

I am requesting members of the Metropolitan Nashville Audit Committee to review and approve the 2017 Audit Work Plan. The Office of Internal Audit will use this plan to select 12 new audits along with the 6 audits in progress to **complete 18 audits during the 2017 plan year**. We also anticipate requests for 4 investigations during the year.

Sincerely,

Mark S. Swann

## Attachment A – CY 2017 Audit Plan

*Co-source	CY 2016 Audits In Progress	Hours	Total Hours
1	Sports Authority – 1 <sup>st</sup> Tennessee Field Construction Contract (Reporting Phase)	100	100
2	Metro Parks and Recreation – Park Police (Reporting Phase)	40	140
3*	Human Resource Department - Hiring Process (Field Work Phase)	60	200
4	Health Department – Compliance and Operational Audit <sup>1</sup> (Reporting Phase)	100	300
5	Office of Property Assessor <sup>2</sup> (Reporting Phase)	200	500
6	Human Relations Commission <sup>3</sup> (Reporting Phase)	200	700
<b>CY 2017 New Audit Areas</b>			
1	Hotel Occupancy Tax Audits	500	1,200
2	Metro-wide Occupational Safety Program	800	2,000
3	Autumn Hills Assisted Living Contract <sup>4</sup>	800	2,800
4	General Services - Fleet Operations	800	3,600
5	Metropolitan Development and Housing Agency – Development Project Financing Process <sup>5</sup> (Tax Incremental Financing / Public-Private Financing)	800	4,400
6	Hospital Authority – General Hospital Purchase to Pay Process	800	5,200
7*	Finance – Purchasing Division	800	6,000
8	Metropolitan Nashville Public Schools – Credit Card Purchases Review	400	6,400
9	Metro Water Services – Payroll Process <sup>6</sup>	800	7,200
10	Barnes Fund for Affordable Housing	800	8,000
11	Office of Family Safety	800	8,800
12	Metropolitan Transit Authority - Revenue Collection Process	800	9,600
13	Health and Educational Facilities Board	400	10,000
14	General Sessions Court – Traffic Safety Education Department	800	10,800
15	Airport Authority - Purchase to Pay Process	800	11,600
16	Metro-wide Customer Service Performance	800	12,400
17	Metro Water Services - Storm Water Revenue <sup>7</sup>	800	13,200
18	Metro-wide Software License/Subscription Monitoring	800	14,000
19	Unusual Financial Transactions Review (payables, credit card, fuel card, time entry, top ten travel, etc.)	800	14,800
20*	Davidson County Sheriff Office – Information Security (Active Directory Services, Email Services, Network, End Nodes, Remote Access)	100	14,900

## Attachment A – CY 2017 Audit Plan

21*	Information Technology Services – Information Back-up and Recovery	100	15,000
22*	Metropolitan Nashville Public Schools – Information Security (Active Directory Services, Email Services, Network, End Nodes, Remote Access)	100	15,100
23*	Health Department – Information Technology Governance <sup>8</sup>	100	15,200
24*	Office of Internal Audit Peer Review (Association of Local Government Auditors)	100	15,300

1, 2, 3, 4, 5, 6, 7, 8 – Indicated management or council requests for audit services.

## Attachment B – CY 2017 Risk Prioritization Objectives and Risks

### Office of Internal Audit Mission Independent Appraisal

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

### Metro Service Delivery Objectives

### Metric Used to Measure Inherent Risk Impact

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

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

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

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

#### 3a. Government services are managed. (Effectiveness)

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

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

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

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

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

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

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

## Attachment B – CY 2017 Risk Prioritization Objectives and Risks

### Mayor's Priority Objectives

- |  |                                    |
|--|------------------------------------|
| a. Citizens and visitors feel safe in Metro neighborhoods. <b>(Strategy)</b>                     | (A) Public Safety Impact<br>Yes/No |
| b. Every student in Nashville deserves the best education we can provide them. <b>(Strategy)</b> | (A) Education Impact Yes/No        |
| c. Bringing more and better jobs to Nashville <b>(Strategy)</b>                                  | Not Considered In<br>Assessment    |
| d. Affordable Housing <b>(Strategy)</b>  |                                    |
| e. Transportation <b>(Strategy)</b>  |                                    |

## Attachment B – CY 2017 Risk Prioritization Objectives and Risks

Risk Impact Metric	Source	High	Medium	Low
A. Mayor's Priority- Public Safety or Education Impact	OIA Assumption	Entire Population	Subset Population	No Impact
B. Last Audit Month	OIA Project Records	GT 4 YRS ('09 or older)	3 to 4 YRS ('10 or '11)	LT 2 YRS ('12 '13)
C. Total Fees and Collection	OMB Budget to Actual Report (BAR) June 2016	GT \$6 Million	\$6 Million to \$1 Million	LT \$1 Million
D. Vendor Payments	OMB Budget to Actual Report (BAR) June 2016	GT \$6 Million	\$6 Million to \$1 Million	LT \$1 Million
E. Budget FTEs	FY 2016 Budget	GT 250	250 to 50	LT 50
F. Percent Payroll Not Regular Pay	OMB Budget to Actual Report (BAR) June 2016	GT 25%	25% to 15%	LT 15%
G. Expense Appropriation Value	OMB Budget to Actual Report (BAR) June 2016	GT \$15 Million	\$15 Million to \$2 Million	LT \$2 Million
H. Number of Citizens Served	OIA Assumption	Entire Population	Subset Population	Primarily Metro Internal Stakeholders
I. Number of Programs	FY 2016 Business Units Assigned to Entity	GT 15 Programs or unknown	Between 15 and 5 Programs	LT 5 Programs
J. HR Transaction	EBS HR Transactions for Promotions or New Hire – CY 2015	GT 50	50 to 11	LT 10

**Note:** Financial information for component units, fiduciary funds, funds held in trust, and other auditable entities were taken from the *Metropolitan Nashville Budget Versus Actual Report June 30, 2016, FY 2016 Comprehensive Annual Financial Report*, or *FY 2016 Budget Ordinance (BL2016-232)*.



## Attachment C - CY2017 Metro-wide Inherent Risk Priorization Worksheet

Entity	Inherent Risk Score	Audit Plan	Last Audit	Months Last Audit	Total Expenses	FTEs	Fees & Collections	Payroll	Payroll % Not Regular	Vendor Payments	Grants	HR Transactions
31-Police	2.5		7/8/2015	18	188,374,142	1,852	5,689,781	116,585,933	26	15,996,655	5,610,732	374
42-Public Works	2.5		12/8/2016	1	144,210,128	395	16,451,878	17,192,533	20	94,274,065	3,681,398	69
32-Fire	2.5		8/6/2015	17	130,707,528	1,206	7,946,179	75,827,912	32	17,146,710	9,772,690	89
30-Sheriff	2.5	√	11/6/2014	26	87,498,630	865	4,392,791	39,778,722	21	29,513,337	18,918,556	281
38-Health	2.5	√√	2/25/2016	11	42,155,780	486	6,490,753	21,328,028	3	10,709,220	20,468,629	146
80-MNPS General Purpose Fund	2.4	√√	12/14/2016	1	1,359,200,619	9,294	809,074,865	481,327,999	3	621,573,687	391,614,274	2,573
65-Water & Sewer Services	2.4	√√	12/22/2014	25	192,255,970	806	251,358,621	42,978,213	25	115,981,952	1,181,557	134
40-Parks and Recreation	2.3	√	11/5/2015	14	80,630,470	575	19,247,516	19,386,029	16	50,617,909	1,506,911	375
39-Library	2.3		5/28/2013	44	38,591,437	360	1,221,261	12,975,012	16	18,999,791	145,884	112
10-General Services	2.0	√	1/9/2017	0	76,587,234	169	27,783,859	7,039,564	20	55,209,648	5,541	33
14-Information Tech Services	2.0	√	1/9/2017	0	32,956,061	138	17,918,111	8,151,127	15	21,737,912	892	36
75-Metro Action Commission	2.0		2/8/2013	47	27,833,081	383	240,692	10,074,589	16	8,395,581	18,545,268	153
91-Emergency Communication Center	2.0		8/25/2011	65	13,636,451	185	83	9,279,544	23	466,090	481,694	45
27-General Sessions Court	2.0	√	9/27/2012	52	11,110,699	123	3,711,483	7,524,356	2	688,846	17	30
19-District Attorney	2.0		9/21/2011	64	7,455,320	96	3,258,070	4,335,369	2	1,308,715	168,779	18
23-Circuit Court Clerk	1.9		10/9/2013	39	9,667,633	46	11,951,446	5,910,216	1	1,259,036	-	6
33-Codes Administration	1.9		8/31/2015	17	8,057,822	95	25,029,266	4,734,824	14	566,038	2,356	19
24-Criminal Court Clerk	1.9		12/20/2011	61	5,271,369	81	4,641,279	3,416,107	3	343,113	1,230,825	20
68-District Energy System	1.8		4/24/2014	33	16,938,882	1	17,653,886	148,037	17	15,406,276	397	-
26-Juvenile Court	1.8		3/31/2016	10	13,045,514	119	5,289	5,841,576	14	4,177,417	1,270,950	20
21-Public Defender	1.8		7/15/2010	78	7,176,775	84	7,110	4,816,579	12	581,753	2,219,809	15
76-Nashville Career Advancement Center	1.8		11/27/2012	50	6,978,021	41	(1,724)	2,149,508	8	3,344,039	6,173,486	68
05-Elections	1.8		6/20/2013	43	5,156,370	39	3,875	3,258,192	57	1,126,705	785,469	14
06-Law	1.7		9/9/2014	28	13,685,406	48	8,013,436	3,580,550	11	6,824,172	-	5
28-State Trial Courts	1.7		12/8/2016	1	12,110,110	158	626,567	7,463,538	3	1,596,028	3,006,728	30
16-Assessor of Property	1.7	√	6/24/2014	31	6,654,360	78	-	3,893,650	19	891,137	18,240	30
08-Human Resources	1.7	√	9/23/2009	88	4,449,582	55	-	2,340,140	17	998,364	-	7
18-County Clerk	1.7		3/24/2015	22	4,080,805	79	7,367,463	2,483,197	11	450,199	74,881	21
41-Arts Commission	1.7		2/24/2010	83	3,993,808	9	10,216	575,344	1	3,174,455	113,500	3
61-Municipal Auditorium	1.7		9/15/2010	76	2,568,108	10	1,508,967	524,428	16	760,323	213	2
37-Social Services	1.6		8/20/2014	29	8,927,588	76	157,710	3,510,233	14	3,233,560	1,557,945	16
07-Planning Commission	1.6		2/14/2014	35	5,967,243	55	950,945	3,195,070	12	1,399,657	2,109,946	19
22-Juvenile Court Clerk	1.6		8/9/2012	53	1,661,040	-	530,822	1,111,296	14	55,298	21	9
15-Finance	1.5	√	11/1/2016	2	9,454,084	104	781,258	5,989,428	15	1,066,533	233,928	26
62-State Fair	1.5		11/23/2016	2	3,449,589	28	3,290,174	1,072,613	11	1,879,319	247	24
09-Register of Deeds	1.5		4/17/2012	57	2,862,481	-	5,276,111	1,845,149	-	203,765	-	1
29-Justice Integration Services	1.5		10/22/2014	27	2,786,555	19	-	1,283,014	13	873,935	-	5

## Attachment C - CY2017 Metro-wide Inherent Risk Priorization Worksheet

Entity	Inherent Risk Score	Audit Plan	Last Audit	Months Last Audit	Total Expenses	FTEs	Fees & Collections	Payroll	Payroll % Not Regular	Vendor Payments	Grants	HR Transactions
17-Trustee	1.5		7/24/2015	18	2,229,594	25	-	1,071,952	17	187,057	-	5
70-Community Education Commission	1.5		10/31/2014	27	475,823	3	81,108	152,858	10	257,849	-	4
60-Farmers Market	1.5		8/18/2016	5	1,733,891	7	4,957,229	269,557	13	1,332,524	72,149	4
25-Clerk and Master of the Chancery Court	1.5		3/18/2016	9	1,267,155	18	1,385,351	827,103	13	121,075	-	5
49-Office of Emergency Management	1.5		4/4/2014	33	1,259,799	-	504	425,006	23	410,027	464,780	-
51-Office of Family Safety	1.5	√		117	813,665	1	534	486,957	2	162,211	134,283	1
34-Beer Board	1.5		9/6/2013	40	646,565	5	565,356	454,711	8	15,739	-	2
44-Human Relations Commission	1.5	√	6/20/2011	67	437,174	4	-	226,250	4	125,838	-	6
45-Transportation Licensing Commission	1.5		9/30/2010	76	-	6	-	-	-	-	-	1
35-Agricultural Extension Serv	1.4		6/15/2010	79	275,384	7	-	210,865	5	37,401	-	1
04-Mayor's Office	1.3		4/4/2014	33	4,142,322	30	807,846	2,185,817	7	1,276,471	127,221	-
11-Historical Commission	1.3		1/26/2015	24	950,941	10	-	552,524	11	152,641	42,000	2
47-Criminal Justice Planning	1.3		5/8/2014	32	482,794	4	-	312,754	14	40,455	-	2
02-Council Staff	1.2		10/19/2010	75	1,703,992	49	-	1,128,592	2	34,751	-	-
03-Metropolitan Clerk	1.2		8/3/2012	53	791,486	6	12,824	312,073	14	307,745	-	-
36-Soil and Water Conservation	1.2		10/30/2013	39	83,415	1	-	49,299	5	8,221	-	-
48-Office of Internal Audit	1.1	√	7/10/2014	30	1,024,443	10	-	615,245	13	162,378	-	-
<b>Component Units</b>												
CU Electric Power Board (NES)	2.3			117	1,174,180,000	948	1,201,448,000	-	-	-	-	-
CU Metropolitan Nashville Airport Authority	2.2	√		117	123,710,362	270	153,401,981	-	-	-	28,763,278	-
CU Metropolitan Nashville Hospital Authority	2.1	√	6/28/2012	55	105,421,739	563	60,457,457	-	-	-	51,770,062	-
CU Metropolitan Transit Authority	2.0	√	8/10/2012	53	93,591,406	1	14,052,062	215,000	10	5,016,484	67,089,634	-
CU Nashville Convention Center Authority	2.0		4/30/2013	45	74,243,581	158	21,765,253	7,024,955	19	61,277,925	77,000,789	-
CU Metropolitan Development & Housing Age	1.8	√	8/2/2013	41	112,858,225	300	22,369,907	-	-	-	91,938,171	-
CU Sports Authority	1.8	√	5/16/2011	68	48,427,162	2	4,677,370	129,433	23	28,089,362	36,333,549	-
CU Industrial Development Board	1.8		12/16/2013	37	749,874	1	11,850	-	-	-	749,000	-
CU Emergency Communication District	1.6			117	7,651,342	-	6,474,549	-	-	-	-	-
CU Nashville District Management Corp	1.4		10/13/2011	63	1,879,027	-	1,794,731	-	-	-	83,120	-
CU Gulch Business Improvement District	1.3		10/13/2011	63	364,020	1	288,564	-	-	-	-	-
<b>Fiduciary Funds</b>												
								<u>Net Position</u>				
Metro Employees' Benefit Trust			7/29/2009	90	167,606,410	-	92,337,331	2,688,226,830	-	-	-	-
Teachers' Retirement Plan				117	32,816,943	-	32,514,352	79,333,377	-	-	-	-
Employees' Pension and Insurance			7/29/2009	90	6,230,661	-	6,448,584	974,089	-	-	-	-
Closed City Plan				117	6,140,053	-	6,140,053	-	-	-	-	-
Teachers' Civil Services and Pension				117	3,260,870	-	3,409,020	783,585	-	-	-	-
Metro Employees' Flex Benefits				117	2,847,030	-	3,405,418	2,090,513				

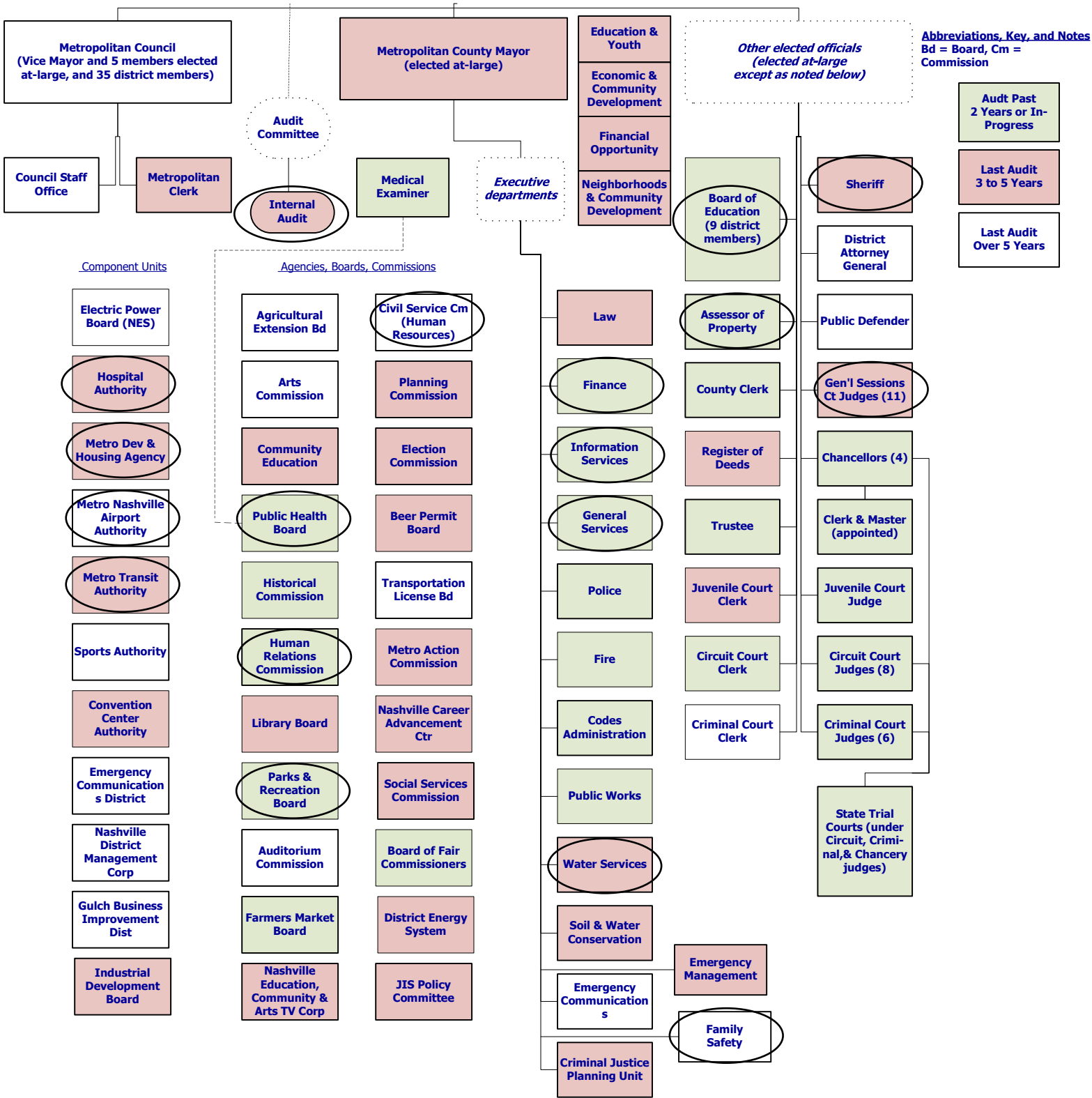
## Attachment C - CY2017 Metro-wide Inherent Risk Priorization Worksheet

Entity	Inherent Risk Score	Audit Plan	Last Audit	Months Last Audit	Total Expenses	FTEs	Fees & Collections	Payroll	Payroll % Not Regular	Vendor Payments	Grants	HR Transactions
Davidson County Employees' Retirement				117	1,377,519	-	1,377,519	-	-	-	-	-
Education Flex Benefits					1,206,636		1,012,537	214,023	-	-	-	-
<u>Funds Held In Trust</u>												
County Clerk			3/24/2015	22	112,959,382		113,218,206	261,728				
Register of Deeds			4/17/2012	57	64,427,714		64,984,771	6,852,486				
Circuit Court Clerk			9/3/2015	16	63,600,018	-	63,171,345	15,607,067	-	-	-	-
Sold Property Tax Recv				117	27,781,290	-	27,519,090	1,850,889	-	-	-	-
Clerk and Master			3/18/2016	10	17,009,309	-	18,515,619	8,224,987	-	-	-	-
Criminal Court Clerk			12/20/2011	61	14,029,641	-	13,930,078	11,901,455	-	-	-	-
Sheriff Work Release & Inmate Trust			6/12/2009	91	2,670,588	-	2,676,777	394,800	-	-	-	-
Juvenile Court Clerk			8/9/2012	53	903,661	-	778,189	1,840,002	-	-	-	-
Planning Performance Bonds			2/14/2014	35	481,249	-	671,822	1,062,575	-	-	-	-
<u>Other Audit Entities</u>												
99-Capital Projects		√		117	274,237,835	-		-	-	-	-	-
90-Debt Services			11/2/2016	2	228,838,375	-		-	-	-	-	-
01-Employee Benefits Plans (Various)*			9/23/2014	28	110,598,200	-	-	-	-	-	-	-
F30042-30046 Hotel Tax Funds		√	4/29/2014	33	50,009,000	-	60,361,493	-	-	-	-	-
F30003 4% Reserve Fund (01101499)*			9/4/2015	17	29,782,700	-	-	-	-	-	-	-
F30501 Solid Waste Mgmt*				117	25,362,600		25,362,600					
01-Economic Development (Various BUs)*				117	24,504,100	-	-	-	-	-	-	-
F30137 Sheriff CCA Contract*				117	17,529,200		17,529,200					
01-Correctional Healthcare (01101613)*				117	12,571,700	-	-	-	-	-	-	-
01-Community Support (Various BUs)*				117	12,286,500	-	-	-	-	-	-	-
F30114-Barnes Fund for Affordable Housing*		√		117	10,000,000	-	3,273,447	-	-	-	-	-
F30509 PW Surplus Parking*			6/26/2015	19	6,583,800		6,583,800		-	-	-	-
Forensic Medical Examiner(01101614)*			4/14/2015	21	4,804,000	24	140,065		-	-	-	-
01-Judgement and Losses (01101308)*			9/9/2014	28	3,867,900	-	-	-	-	-	-	-
F30041 Event & Marketing*				117	3,440,000				-	-	-	-
01-Insurance Reserve (01101301)*			9/9/2014	28	2,739,600	-	-	-	-	-	-	-
01-Commuter Rail (01101237)*				117	1,500,000	-	-	-	-	-	-	-
01-Post Audit (01101412)*				117	1,077,200	-	-	-	-	-	-	-
F61200-Surplus Property Auction				117	678,392	-	1,230,835	-	-	-	-	-
F61200-Police Impound*			12/18/2008	97	375,000	-	475,077	-	-	-	-	-
01-Regional Transportation Authority Subsidy*				117	320,200	-	-	-	-	-	-	-
Police Secondary Employment*			7/8/2015	18	150,000	-	150,000	-	-	-	-	-
00-Health and Education Facilities Board		√		117	-	-	-	-	-	-	-	-

### Attachment C - CY2017 Metro-wide Inherent Risk Priorization Worksheet

Entity	Inherent Risk Score	Audit Plan	Last Audit	Months Last Audit	Total Expenses	FTEs	Fees & Collections	Payroll	Payroll % Not Regular	Vendor Payments	Grants	HR Transactions
F30706 Regional Transportation Planning*				117	-	-	-	-	-	-	-	-
F34100- Public, Education, & Government Access (Nashville Educ			10/29/2013	39	-	-	-	-	-	-	-	-
* - source 2017 Budget Ordinance BL2016-232												

# Appendix D - Office of Internal Audit Eight Year Audit Coverage Map



**Funds Held In Trust**

Circuit Court Clerk	Clerk & Master	Criminal Court Clerk	Juvenile Court Clerk
Sold Property Tax Recv	Sheriff Work Release & Inmate	Planning Performance Bonds	

**Fiduciary Funds**

Davidson County Employees' Retirement	Metro Employees' Benefit Trust	Employees' Pension & Insurance	Metro Employees' Flex Benefits Plan
Teachers' Retirement Plan	Closed City Plan	Teachers' Civil Services and Pension	Education Flex Benefits Plan

**Other Audit Areas**

4% Reserve Fund	Hotel Tax Fund
Debt Services	Capital Projects

**Advisory/Appeal Boards**

Tourist Commission	Beautification Bureau	CATV Special Committee	Public Records Commission	Charter Revision Committee	Safety Advisory Board	Health & Higher Education Facilities Bd
Board of Equalization	Fire & Building Codes Board	Plumbing Examiners Bd	Electrical Examiners Bd	Housing Code Appeals Board	Zoning Appeals Board	Historic Zoning Commission

Regional Transportation Planning	Insurance Reserves
Correctional Health Care	Judgment & Losses

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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.

To the extent permitted by the Metropolitan Charter the Division of Metropolitan Audit, with strict accountability for confidential and safeguarding records and information, shall have full, free, and unrestricted access to all Metropolitan Government of Nashville and Davidson County's records, agreements, information systems, physical properties, and personnel that have any bearing on or pertain to any matters, rights, duties or obligations under or covered by any delivery of services on behalf of the Metropolitan Government of Nashville and Davidson County.

I. Other Audit Services.

1. In addition to financial or performance 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 the Metropolitan Government or its agencies shall suffer any retaliatory action for reporting to or cooperating with the Division of Metropolitan Audit or the Audit Committee as contemplated in TCA 9-3-406 and TCA 50-1-304.

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.

To the extent permitted by the Metropolitan Charter 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.

RECOMMENDED BY:

INTRODUCED BY:

\_\_\_\_\_  
Robert C. Brannon, Chair  
Audit Committee

\_\_\_\_\_  
\_\_\_\_\_  
Council Member(s)

APPROVED AS TO THE AVAILABILITY  
OF FUNDS:

Recommended Revised Legislation as of February 28, 2017.

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Talia Lomax-O'dneal, Director  
Department of Finance

APPROVED AS TO FORM AND  
LEGALITY:

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Assistant Metropolitan Attorney

AMENDMENT NO. \_\_\_\_  
TO  
ORDINANCE NO. BL2017-581

Mr. President –

I move to amend Ordinance No. BL2017-581 as follows:

I. By amending Section 1 by deleting referenced Section H it in its entirety and substituting therefore the following:

H. The metropolitan auditor, in conducting any reviews or audits, shall have full authority to conduct an independent investigation of any and all departments, boards and commissions of the Metropolitan Government, as well the performance of contracts by entities that contract with the Metropolitan Government to the extent permitted by the Metropolitan Charter. Such authority shall include, but is not limited to, the ability to review, research, and conduct interviews, along with the ability to have access to any and all necessary documentation. To the extent permitted by the Metropolitan Charter, all metropolitan departments, boards and commissions, along with all entities contracting with the metropolitan government, shall cooperate fully with the metropolitan auditor during such review or audit. Should the metropolitan auditor not be able to conduct such an independent audit due to an unwillingness to cooperate by departments, boards, commission or entities, the metropolitan auditor shall report such findings to the metropolitan audit committee and to the Budget and Finance Committee of the Metropolitan Council for further action. The metropolitan auditor shall have the authority to establish guidelines for conducting such audits and reviews.

INTRODUCED BY:

---

Jim Shulman  
Member of Council, At Large



FY 2016 CAFR PRESENTATION

and

Metro Water Services Clean Water  
Abatement Program Review



**Metropolitan Nashville Office of Internal Audit  
Audit Project Status  
As of February 28, 2017**

Audit Plan Year February 2016 to January 2017 Projects	Planning	Fieldwork	Report	Report Phase	
				Draft	Final
1) Health Department Immunization Program			✓		Feb-16
2) Comcast Franchise Fee			✓		Jun-16
3) Juvenile Court			✓		Mar-16
4) ITS Microsoft Exchange Email			✓		Sep-16
5) Nashville Farmers Market			✓		Aug-16
6) Clerk and Master			✓		Mar-16
7) MNPS Student Management Information Systems			✓		Dec-16
8) First Tennessee Park Construction			✓	Feb-17	
9) Human Resources Civil Service Hiring Process		✓			
10) Nashville Fairgrounds			✓		Nov-16
11) Finance Long Term Debt Process			✓		Nov-16
12) Finance Department Credit Card Usage			✓		Jul-16
13) FY2016 Hotel Audit Summary			✓		Jul-16
14) State Trial Court - Office of Conservatorship Management			✓		Dec-16
15) Public Works - Responsive Traffic Signal Timing Program			✓		Nov-16
16) Parks & Recreation - Park Police			✓		Feb-17
17) 800 MHz Radio Shop Recommendation Follow-Up			✓		Nov-16
18) Health Department Bureau of Administration and Finance			✓	Mar-16	
19) Office of Assessor			✓	Mar-16	
20) Human Relations Commission			✓	Mar-16	
21) Metro-wide Occupational Safety	✓				
22) Office of Fleet Management	✓				
23) Autumn Hills Assisted Living Contracts	✓				
<b>Metro IntegrityLine Alerts - February 2016 to February 2017</b>			<b>Total</b>	<b>Closed</b>	<b>Pending</b>
Metro Hotline Alerts (Fraud, Waste & Abuse)			7	7	0
Cases Reported to State of TN			0	0	0
Cases Tasked to OIA by State of TN			4	4	0
Cases Tasked to OIA by Metro Entities			2	2	0

**Note:** Goal to complete 19 audit projects for Plan Year 2016. Currently 15 audit projects are completed (16 projects with annual hotel summary report), and 4 audit projects are in the draft report phase.

**Summary of Hotel Occupancy Tax Audit Results  
As of September 11, 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	15	\$ 195,849,557	\$ 14,150,449	\$ 106,816	\$ 40,036	\$ 24,072
2017	1	\$ 6,759,004	\$ 595,423	\$ 4,302	\$ 918	\$ 1,404
Grand Total	76	\$ 484,623,001	\$ 36,627,914	\$ 596,564	\$ 216,199	\$ 126,528
Fiscal Year	Percent of Tax Underpayment	Net Claims				
2013	-0.7%	\$ 22,058				
2014	-2.5%	\$ 415,061				
2015	-3.5%	\$ 126,335				
2016	-0.8%	\$ 122,781				
2017	-0.7%	\$ 3,816				
Total	-1.6%	\$ 690,051				

New Hotline Provider Starting January 12, 2017 (5 Year Agreement)

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

**Call 877-647-3335**

**or**

**<https://login.redflagreporting.com/>  
Use Client Code: Metro**







**Office of Internal Audit Budget versus Actual  
GSD General Fund as of February 25, 2017  
FY 2017 Approved Budget**

	<b>FY 2017 Budget</b>	<b>Actual As of February 25, 2017</b>	<b>Difference</b>	<b>Notes</b>
Total Salaries & Fringe	\$ 1,079,500	590,706	\$ 488,794	
Other Expenses				
Professional & Purchased Services	125,100	14,621	110,479	Peer Review \$7,000; HR Hiring \$20,000
Building Rent Parkway Towers	55,500	36,742	18,758	
Other Expenses	71,900	32,418	39,482	
Internal Service Fees	50,900	50,900	-	Information Technology
<b>TOTAL EXPENSES</b>	<b>\$ 1,382,900</b>	<b>\$ 725,387</b>	<b>\$ 657,513</b>	
30003 General Fund 4% Reserve	\$ 8,725	\$ -	\$ 8,725	

**Office of Internal Audit Budget History**

<b>For the year ending June 30,</b>	<b>Co-sourcing Audit Budget</b>	<b>Total Budget</b>	<b>Co-sourcing Percent of 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	1,382,900	9%	10

**Recommended to OMB FY 2018 Budget**

<b>Area of Need</b>	<b>FY 2018 Amount Requested</b>
Professional & Purchased Services	\$ 125,000
Administrative Assistant	63,100
Staff Career Ladder	10,000
Software Inflation	2,000
Rent Equipment	1,000
<b>Total</b>	<b>\$ 201,100</b>

# 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-Computer  
Science, 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, CFE  
Senior Auditor  
x79672

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

**Mary Cole**  
Macc, CPA,CFE,  
CGFM  
Senior Auditor  
X26407

**Innocent Dargbey**  
MS-Finance, MBA,  
CPA  
Senior Auditor  
x79671

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

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

**Ted Ciuba**  
MS-Finance, MBA  
Auditor I  
x26286

# METROPOLITAN NASHVILLE OFFICE OF INTERNAL AUDIT



## INTERNAL AUDIT PERFORMANCE REPORT February 1, 2016 through January 31, 2017

**RESOLUTION NO. RS2017-567****A resolution recognizing Mr. Robert C. Brannon.**

WHEREAS, the foundation of a thriving city government includes the willingness of its citizens to work together to enhance public services and provide an avenue for better communication between community leaders and the citizenry; and

WHEREAS, because of the untiring work, dedication, and the valuable contributions Mr. Robert C. Brannon has made during his tenure of over 25 years with the Metropolitan Nashville Government, he is certainly deserving to be recognized; and

WHEREAS, Mr. Brannon served as the Chair for the Council Audit Committee from its inception in May of 1991 until the creation of the Metropolitan Nashville Audit Committee in March 2008 and will continue to serve as the Chair of the Metropolitan Nashville Audit Committee until March 2017; and

WHEREAS, Mr. Brannon has received and reviewed over 25 Metropolitan Nashville Government annual financial reports and numerous internal audit and investigation reports during his tenure; and

WHEREAS, Mr. Brannon's organizational and leadership skills have contributed to the betterment of our Metropolitan Nashville Government and community; and

WHEREAS, it is fitting and proper that the Metropolitan Council recognizes Mr. Robert C. Brannon, and we extend to him our gratitude for efficient, effective, unselfish service on the Metropolitan Nashville Audit Committee, and best wishes for new challenges, new interest, and above all, continued success and long life.

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

Section 1. The Metropolitan Council hereby goes on record as recognizing Mr. Robert C. Brannon.

Section 2. The Metropolitan Council Office is directed to prepare a copy of this Resolution to be presented to Mr. Robert C. Brannon.

Section 3. This Resolution shall take effect from and after its adoption, the welfare of The Metropolitan Government of Nashville and Davidson County requiring it.

Sponsored by: John Cooper, Bob Mendes, Mina Johnson

<b>LEGISLATIVE HISTORY</b>	
Referred to:	Rules, Confirmations, and Public Elections Committee
Introduced:	February 21, 2017
Adopted:	February 21, 2017
Returned unsigned by the Mayor:	February 22, 2017

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

**METROPOLITAN NASHVILLE AUDIT COMMITTEE  
2017 MEETING PLAN**

<b>Meeting Date</b>	<b>Proposed Agenda Topics</b>
February 28, 2017 (Tuesday)	<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 11, 2017 (Tuesday)	<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 11, 2017 (Tuesday)	<ul style="list-style-type: none"> <li>• External Audit plan and required communications</li> <li>• Internal Audit issued report discussion</li> <li>• Metropolitan Auditor performance review</li> <li>• Follow-up Comprehensive Annual Financial Report, Single Audit Report, and Management Letter</li> </ul>
September 12, 2017 (Tuesday)	<ul style="list-style-type: none"> <li>• Metropolitan Audit Committee self-assessment</li> <li>• Bylaws annual review</li> <li>• Internal Audit issued report discussion</li> <li>• External Audit Comprehensive Annual Financial Report Audit Progress Executive Session</li> </ul>
November 16, 2017 (Thursday)	<ul style="list-style-type: none"> <li>• Internal Audit issued report discussion</li> <li>• External Audit Comprehensive Annual Financial Report Audit Progress Executive Session</li> </ul>
December 12, 2017 (Tuesday)	<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**  
**Plan Period February 2016 to January 2017**  
**As of January 31, 2016**

<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	614	Completed
6*	Information Technology Services - Microsoft Exchange Email Application Management(Reporting Phase)	200	224	Completed
7	Comcast Franchise Fee Audit (Reporting Phase)	150	183	Completed
<b>CY 2016 New Audit Areas</b>				
1	Hotel Occupancy Tax Audits	500	210	In-Progress
2	Airport Authority - Expenditures (Accounts Payable)	600		
3*	Metro-wide Employee Safety Program	800	34	
4	Metropolitan Development and Housing Agency - Tax Incremental Financing	600		
5	Health and Educational Facilities Board	400	84	On Hold
6	State Trial Courts – Office of Conservatorship Management	800	515	Completed
7*	General Services - Fleet Operations	800		
8*	Sports Authority – 1 <sup>st</sup> Tennessee Field Construction Contract	600	1,005	In-Progress
9	General Services – 800 MHz Radio Shop Recommendation Follow-up	100	131	Completed
10	Metro Parks and Recreation – Park Police	800	878	Completed
11	Hospital Authority – General Hospital Expenditures (Payroll and Accounts Payable Process)	1,000		
12	Public Works - Smart City Traffic Signal Program	500	512	Completed
13	Metro Water Services - Storm Water Revenue	800		
14	Human Resource Department - Hiring Process	800	529	In-Progress
15	Finance – Purchasing Department	800		
16*	Finance – Treasury Debt Financial Instrument Issuance Process	800	305	Completed
17	Information Technology Services – Information Back-up and Recovery	600		
18	Metropolitan Nashville Public Schools – Student Information Systems and District/School Accountability System	800	1,557	Completed
19*	Metro Water Services – Clean Water Nashville Overflow Abatement Program – Selected Projects Contract Compliance	400		



**2016 Internal Audit Work Plan**  
**Plan Period February 2016 to January 2017**  
**As of January 31, 2016**

<b>Approved Additions to CY 2016 Internal Audit Plan</b>				
20	The Fairgrounds Nashville	600	774	Completed
21	Finance Department – Credit Card Usage	200	239	Completed
22	Health Department – Compliance and Operational Audit	600	947	In-Progress
23	Office of Property Assessor	600	634	In-Progress
24	Human Relations Commission Purchasing Activity	300	306	In-Progress
25	Autumn Hills Assisted Living Contracts <sup>1</sup>	800	110	In-Progress
<b>Fraud, Waste, and Abuse Investigations and Hotline Support</b>				
	Fraud, Waste, and Abuse Investigations and Hotline Support	1,200	1,286	
	<b>Grand Total</b>	<b>16,600</b>	<b>11,341</b>	
	<b>Total Budget Direct Hours In Plan Year</b>	<b>12,000</b>	<b>11,341</b>	<b>95%</b>

<sup>1</sup> – Audit subject to audit committee approval on February 28, 2017

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

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**PURPOSE**

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

**SCOPE**

The Metropolitan Nashville 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, agency, or office of the Metropolitan Nashville Government. Departments, boards, commissions, officers, agencies, and offices of the Metropolitan Nashville 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 Nashville Government, and any public entity whose existence is created or authorized by the Metropolitan Charter or the Metropolitan County Council.

**RESPONSIBILITIES**

Financial Statements

- While the financial statement audit engagement is ongoing meet in executive session with the external auditor near the mid-point of the audit engagement and prior to final issuance of the comprehensive annual financial report, to review progress, including any difficulties encountered, with the audit engagement and follow-up as appropriate.
- Review final audit reports and accept, or not accept, the audit results.
- Review with Metropolitan Nashville Government 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, agency, or office management's responses.
- Engage with the Metropolitan Auditor in performing a Metropolitan Nashville Government 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.

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

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Internal Audit

- Review and approve the internal audit work plan and all major changes to the plan.
- Review and approve the Division of Metropolitan Audit Bylaws annually.
- Assure continued independence of the 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 an annual report to the Metropolitan Nashville 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, agency, or office 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.
- Annually confirm 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.

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

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**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, agency, or office management, auditors or others to attend meetings and provide pertinent 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 Nashville 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 (Metropolitan Nashville Government.)

**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, agency, or office of the Metropolitan Nashville Government. Departments, boards, commissions, officers, agencies, and offices of the Metropolitan Nashville 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 Nashville 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 Metropolitan Nashville Government'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 Metropolitan Nashville Government personnel.
- Obtain regular updates from department, board, commission, officer, agency, or office 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 internal audit work plan to the Metropolitan Nashville Audit Committee for review and approval. The schedule shall include the proposed plan for auditing departments, boards, commissions, officers, agencies, offices, activities, systems, processes, and subcontractors for the subsequent twelve months. This plan may be amended during the period after review with the Metropolitan Nashville Audit Committee. Additionally, the Metropolitan Auditor may independently initiate and conduct any other audit deemed necessary with subsequent approval by the Metropolitan Nashville Audit Committee.

The internal audit work plan 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 Metropolitan Nashville Government 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 Nashville Audit Committee, Department of Law, Mayor and Tennessee Comptroller of the Treasury. If it appears that the irregularity is criminal in nature, the Metropolitan 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**

To the extent allowed by applicable law the Metropolitan Nashville Office of Internal Audit personnel shall have full access to all Metropolitan Nashville Government records, agreements, information systems, properties, and personnel. Accordingly, Metropolitan Nashville Government or any of its related entities' officials, employees, consultants, and contractors shall furnish any requested Metropolitan Nashville Government information and records within their custody and respond to any questions regarding such information and records.

Metropolitan Nashville Office of Internal Audit 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. Metropolitan Nashville Office of Internal Audit personnel shall not publicly disclose any information received during an audit that is considered 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, agency, or office director or his/her designee for review and comment regarding factual content before it is released to the Metropolitan Nashville 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 of issuance of the final draft audit report. 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 Nashville Audit Committee, the Mayor and the audited department, board, commission, officer, agency, or

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

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office. 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 Nashville Audit Committee and shall retain a copy as a permanent record. A copy will be posted on the Metropolitan Nashville Office of Internal Audit's internet site.

**ANNUAL REPORT**

The Metropolitan Auditor shall submit an annual report to the Metropolitan Nashville Audit Committee, during the first quarter of each calendar year, indicating audits completed, major concerns, corrective actions taken, and significant observations that have not been fully addressed by audited department, board, commission, officer, agency, or office 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 organization records, agreements, information systems, properties, or 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 Metropolitan Nashville Office of Internal Audit.

**INDEPENDENCE**

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

In all matters relating to audit work, the Metropolitan Nashville Office of Internal 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.

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

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**STANDARDS OF AUDIT PRACTICE**

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

**FUNDING**

The Metropolitan Nashville Office of Internal Audit shall submit budget proposals, in accordance with procedures established by the Metropolitan Nashville Government 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 Nashville Audit Committee.

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

- (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 of 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.**

**METROPOLITAN GOVERNMENT OF NASHVILLE  
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METROPOLITAN AUDIT COMMITTEE**

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

**METROPOLITAN GOVERNMENT OF NASHVILLE  
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**SELECTED METRO CHARTER and CODE SECTIONS RELATED TO AUDIT**

(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,** ...”



**METROPOLITAN GOVERNMENT OF NASHVILLE  
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METROPOLITAN AUDIT COMMITTEE**

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

**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)