

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

November 28, 2017

On Tuesday, November 28, 2017, at 4:00 p.m., the Metropolitan Nashville Audit Committee met in the Metropolitan Courthouse, 2nd Floor, Committee Room 2. The following people attended the meeting:

Committee Members

Talia Lomax-O'dneal, Director of Finance
Charles Frasier, Tennessee Society of CPAs
David Briley, Vice-Mayor
John Cooper, Council Member
Brackney Reed, Chamber of Commerce
Bob Mendes, Council Member

Committee Member Not Present

-None-

Others

Mark Swann, Metropolitan Auditor
Jon Cooper, Department of Law
Mike Safely, Department of Law
Theresa Costonis, Department of Law
Dell Crosslin, Crosslin
David Hunt, Crosslin
Lindsey Ellis, Crosslin
Scott Potter, Metro Water Services
Amanda Deaton - Moyer, Metro Water Services
Shannon Hall, Department of Human Resources
Stephen Cain, Department of Human Resources
Kim McDoniel, Deputy Finance Director
Phil Carr, Chief Accountant
William (Bill) Walker, Office of Internal Audit
Laura Henry, Office of Internal Audit
Seth Hatfield, Office of Internal Audit

Quorum present? Yes

CALL MEETING TO ORDER

Mr. Brackney Reed called the meeting to order.

APPROVAL OF MINUTES

A **motion** to approve the September 12, 2017, meeting minutes as presented in the Metropolitan Nashville Audit Committee Workbook for November 28, 2017, was made, seconded, and carried.

NEW BUSINESS

Discussion on Audit of the Office of Fleet Management audit report issued September 18, 2017 (Workbook pages 13 through 20)

Mr. Seth Hatfield summarized the objectives, observations, and recommendations of this audit.

Ms. Talia Lomax-O'dneal inquired if the audit scope included fleet services provided outside of the General Services Department. For example, when the Office of Fleet Management gets

backlogged, they may ask departments to have oil changes conducted by outside entities. Mr. Hatfield advised the audit looked at turn-around time for third parties. Mr. Swann advised the longest turn-around time involved collision repair. Collision repair services are typically outsourced.

Action Item: Ms. Lomax-O'dneal requested that the percentage of total work time performed by outside parties be provided.

Ms. Lomax-O'dneal advised she had occasionally had departments' voice concerns over turnaround time and staffing levels at the Office of Fleet Management. Mr. Hatfield advised that audit surveys to user departments revealed the same concerns. Mr. Bob Mendes inquired if these concerns were real or a function of departments wanting their cars back more quickly. Mr. Hatfield advised an analysis was completed on turn-around time and can be viewed in the workbook. Mr. Hatfield advised that the Office of Fleet Management stated that waiting for parts had the greatest impact on turn-around time. Mr. Mendes asked if trend analysis was conducted to ascertain if turnaround time was getting better or worse. Mr. Hatfield advised such an analysis was not completed. Mr. Swann advised the software system previously utilized by the Office of Fleet Management was not conducive to providing such information. The new software system will be better able to perform such analysis.

Mr. Charles Frasier inquired about the observation pertaining to no actionable procedures in place to enforce rotational utilization. Mr. Hatfield advised that administrative orders are issued by the General Services Department. These orders instruct the various departments that it is the department's responsibility to monitor utilization. The General Services Department believes they have limited responsibility for monitoring utilization. The Office of Internal Audit position is the Metropolitan Nashville Code of Laws provides authority for the General Services Department to adopt rules and regulations related to fleet management. A discussion ensued over the difference between authority and responsibility.

Mr. Frasier inquired about the 2010 audit recommendation related to fuel management procedures not being implemented. Mr. Hatfield advised the General Services Department drafted an applicable procedure but had not formally approved it at the time of this audit engagement.

Mr. Mendes stated the tenor of General Services Department responses to the audit recommendations seemed to say they accept the recommendations without agreeing with them; particularly as it relates to monitoring of fleet utilization.

Action Item: Mr. Mendes requested for representatives of the General Services Department to be present at the next Committee meeting to discuss the audit recommendations.

Discussion on Audit of Metropolitan Nashville General Government Occupational Safety Program audit report issued October 10, 2017 (Workbook pages 21 through 30)

Ms. Laura Henry summarized the objectives, observations, and recommendations of this audit.

Mr. John Cooper inquired how moving the Occupational Safety Program to the Department of Human Resources was being received by the affected department. Ms. Shannon Hall advised she agreed with the recommendation. Ms. Hall stated that the current safety coordinator has multiple responsibilities outside of the Occupational Safety Program. Ms. Hall advised additional resources need to be allocated to the Occupational Safety Program.

Mr. John Cooper asked if we were self-insured or would there be an insurance discount for a more vibrant Occupational Safety Program. It was stated that the Metropolitan Nashville Government is self-insured for workplace injuries.

Ms. Lomax-O'dneal inquired if we looked at injury-on-duty trends. Ms. Lomax-O'dneal stated overall claims for the Metropolitan Nashville Government had gone down over the past few years. Ms. Henry referred the Committee to a chart on page 24 of the workbook. The departments with the highest dollar amounts of injury-on-duty were analyzed. With the exception of the Metropolitan Nashville Fire Department, claims remained consistent. Mr. Stephen Cain advised that decreased costs were a function of changes in the way injury-on-duty claims were managed and were separate from the effectiveness of the Occupational Safety Program.

Mr. Mendes inquired if any major Metropolitan Nashville Government entities were excluded from the scope of the audit. Mr. Swann advised the audit engagement focused on the Metropolitan Nashville Government general government functions and did not include Metropolitan Nashville Public Schools and component units of the government. Mr. Mendes asked how this audit would affect departments such as Metro Water Services who have more resources tied to safety and a more robust Occupational Safety Program. Ms. Hall and Mr. Cain advised the larger departments do have more resources but still could use additional assistance. Some of the smaller departments need help from the ground up. Ms. Lomax-O'dneal stated that the 2006 audit recommended 14 to 15 additional staff dedicated to an Occupational Safety Program.

Mr. Mendes asked if the consensus was the Metropolitan Nashville Government could do a better job at safety. Ms. Lomax-O'dneal advised yes.

Mr. David Briley advised that many of these recommendations could not be implemented immediately and asked what should be done in the interim. Mr. Swann advised that the initial plan was to have legislation passed to reassign who was responsible for the Occupational Safety Program. From there, the responsible party would respond to when the recommendations would be implemented. Mr. Briley asked if the Department of Human Resources was willing to accept the additional recommendations without additional resources. Ms. Hall stated "no." Mr. Jon Cooper advised that draft legislation had been submitted to the Mayor's Office for consideration to reassign responsibility for the Occupational Safety Program to the Department of Human Resources. Mr. Briley advised the recommendations should not be accepted until the Occupational Safety Program is funded. Ms. Hall advised should budgetary resources be provided; she foresees having a staff of two or three employees and building it up from there, as needed. Mr. Briley stated that he would like to see a cost benefit analysis for enhancing the Occupational Safety Program in addition to the benefit of avoiding injuries. Mr. Scott Potter advised there is an opportunity for economies of scale in that some functions being carried out by various departments could be consolidated, such as safety training.

Discussion on Audit of Davidson County Sheriff's Office Information Security Practices issued October 31, 2017 (Workbook page 31)

Mr. Swann advised this was a criminal justice information system protected audit, and thus only a limited public report was issued. Mr. Swann advised there were six significant recommendations. Mr. Mendes reviewed the redacted 250-page report and met with the

Davidson County Sheriff's Office to discuss the audit and was satisfied with the answers that were provided.

UNFINISHED BUSINESS

Acceptance of the Metropolitan Nashville Government Fiscal Year 2016 Letter of Recommendations to Management from Crosslin discussed in the April 11, 2017, Committee meeting.

A **motion** to accept the Metropolitan Nashville Government Fiscal Year 2016 Letter of Recommendations to Management, was made, seconded, and carried.

No discussion ensued.

Acceptance of the Metropolitan Nashville Government Fiscal Year 2016 Schedule of Expenditures of Federal and State Reward Reports required by the Single Audit Act as amended and the Uniform Guidance discussed in the in the April 11, 2017, Committee meeting.

A **motion** to accept the Metropolitan Nashville Government Fiscal Year 2016 Schedule of Expenditures of Federal and State Reward Reports required by the Single Audit Act as amended and the Uniform Guidance, was made, seconded, and carried.

No discussion ensued.

OTHER ADMINISTRATIVE MATTERS (Workbook pages 35 through 47.)

Mr. Swann updated the Committee on the number of reports that have been issued on page 35 of the workbook.

Mr. Swann briefly updated the Committee on a potential conflict of interest investigation completed concerning two Metro Water Services employees and Metro Water Services contractor American Backflow Inc.

Mr. Swann briefly updated the Committee budget, staffing, and audit utilization information. Mr. Mendes asked about the Office of Internal Audit 34 percent budget utilization on page 39 of the workbook. Mr. Swann advised the low utilization on the budget was a function of not utilizing consulting dollars. The Office of Internal Audit is in the process of obtaining another audit services co-sourcing vendor.

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 2017 financial reports with the external auditors, Crosslin, was made, seconded, and carried.

The executive session meeting adjourned after approximately 30 minutes.

The meeting concluded after 75 minutes at 5:15 p.m.

Respectfully submitted to the Metropolitan Nashville Audit Committee.

A handwritten signature in blue ink, appearing to read "Mark Swann". The signature is fluid and cursive, with the first name "Mark" and last name "Swann" clearly distinguishable.

Mark Swann
Secretary, Metropolitan Nashville Audit Committee