

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



***METROPOLITAN NASHVILLE
AUDIT COMMITTEE***

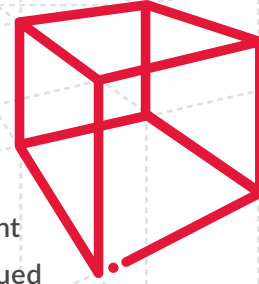
WORKBOOK

November 28, 2017

***“The goal is to turn data into information, and
information into insight.” – Carly Fiorina***

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 or protiviti.com/toprisks. It includes detailed breakdowns of the results by respondent role, organization size, industry and other categories.

Protiviti is not licensed or registered as a public accounting firm and does not issue opinions on financial statements or offer attestation services.

© 2016 Protiviti Inc. An Equal Opportunity Employer M/F/Disability/Veterans.



NC STATE Poole College of Management
Enterprise Risk Management Initiative

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

**Committee Room 2
205 Metropolitan Courthouse**

- I. Call Meeting to Order (Brackney Reed - Committee Chairman)
- II. Approval of Minutes for September 12, 2017, meeting. (Brackney Reed – Committee Chairman)
- III. New Business
 - Discussion on Audit of Office of Fleet Management audit report issued September 18, 2017. (Seth Hatfield – Senior Internal Auditor)
 - Discussion on Audit of Metropolitan Nashville General Government Occupational Safety Program audit report issued October 10, 2017. (Laura Henry–Internal Auditor II)
 - Discussion on Audit of Davidson County Sheriff’s Office Information Security Practices issued October 31, 2017. (Mark Swann – Metropolitan Auditor)
- IV. 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. (Brackney Reed – Committee Chairman)
 - Acceptance of the Metropolitan Nashville Government Fiscal Year 2016 Schedules of Expenditures of Federal and State Awards and Reports required by the Single Audit Act as amended and the Uniform Guidance discussed in the April 11, 2017, Committee meeting. (Brackney Reed – Committee Chairman)
- V. Internal Audit Project Status (Mark Swann – Metropolitan Auditor)
- VI. Fraud Waste and Abuse Hotline and Investigation Update (Mark Swann – Metropolitan Auditor)
 - Request for investigation services update
 - Summary of fraud, waste, and abuse hotline activity
- VII. Other Administrative Matters (Mark Swann – Metropolitan Auditor)
 - Office of Internal Audit staffing
 - FY 2018 budget status.
- VIII. Consideration of Items for Future Meetings (Brackney Reed - Committee Chairman)
- IX. Adjournment of Public Meeting – Next Meeting Tuesday, December 12, 2017.
- X. Executive Session Agenda – (Brackney Reed - Committee Chairman)
 - Discussion on the ongoing audit of Metropolitan Nashville FY 2017 Financial Statements audit with Crosslin (External Auditor)

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

- Discussion of pending or ongoing internal audits or investigations.

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. § 9-3-405¹):

1. Items deemed not subject to public inspection under T.C.A. §§ 10-7-503² and 10-7-504³ 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. § 9-3-406⁴ where the informant has requested anonymity.



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

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

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

³ T.C.A. § 10-7-504. Confidential records.

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

[Page Intentionally Left Blank]

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

**DRAFT
September 12, 2017**

On Tuesday, September 12, 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

Charles Frasier, Tennessee Society of CPA
David Briley, Vice-Mayor
John Cooper, Council Member
Brackney Reed, Chamber of Commerce
Bob Mendes, Council Member

Committee Member Not Present

Talia Lomax-O'dneal, Director of Finance

Others

Mark Swann, Metropolitan Auditor
Theresa Costonis, Department of Law
Kim McDoniel, Deputy Finance Director
Fred Adom, Finance Department
Dell Crosslin, Crosslin
Daniel Miller, Crosslin
David Hunt, Crosslin
Scott Potter, Metro Water Services
Terry Cobb, Codes and Building Safety
Bill Herbert, Codes and Building Safety
Warner Hassel, General Sessions Court
Marc Overlook, Nashville General Hospital
Bruce Naremore, Nashville General Hospital
Christie Scott, Assessor of Property Office
William (Bill) Walker, Office of Internal Audit
Mary Cole, Office of Internal Audit
Nan Wen, 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 July 11, 2017, meeting minutes as presented in the Metropolitan Nashville Audit Committee Workbook for September 12, 2017, was made, seconded, and carried.

NEW BUSINESS

Update on Metro Nashville's Corrective Action Plan/Engineering Report (CAP/ER) for Sanitary Sewer Overflows and Metro Nashville's Long Term Control Plan (Workbook pages 13 through 14)

Mr. Scott Potter gave an update on the status of the plans. The CAP/ER Plan has been approved by the United States Environmental Protection Agency (EPA), and the Long Term Control Plan is still under review by the EPA.

Mr. John Cooper inquired how the \$1.2 billion costs associated with the plan are treated from an accounting perspective and how the cost will be funded. Ms. Kim McDoniel indicated the liability

is reported as a commitment in the footnotes of the Metropolitan Nashville Government's annual financial report. Mr. Potter confirmed the projects would be funded using Metro Water Services revenue bonds. Mr. David Briley asked about overflow and water quality requirements and thresholds. Mr. Potter stated current federal regulations do not allow any overflow releases and the EPA recognizes this standard is not realistic. The EPA is working on potential changes in policy to address this issue.

Mr. Cooper inquired about peer cities and their situation with combined sewer systems. Mr. Potter indicated east of the Mississippi River, cities generally have a combined sewer system, and this issue is not unique to the Metropolitan Nashville Government. Since 1989, Metro Nashville has reduced the number of combined sewer overflow points from 28 to 6 today.

Mr. Bob Mendes inquired about the timeline for completion of the Long Term Control Plan assuming the EPA approves the plan. Mr. Potter advised Metro Water Services would have eleven years from the time of approval to complete the plan.

Discussion on Audit of the Codes and Building Safety Short-Term Rental Property Permit Issuance/Renewal Process (Workbook pages 15 through 19)

Mr. Bill Walker summarized the objectives, observations, and recommendations of this audit.

Mr. Mendes expressed concern over verification of owner-occupied status; specifically, as it relates to the criteria used to define ownership status. Mr. Brackney Reed inquired about how entities that provide short-term rentals and do not apply for a permit are detected. Mr. Bill Herbert explained that it is difficult to detect unpermitted short-term rental properties and explained this is why the Metropolitan Nashville Government recently contracted with Host Compliance to assist with this effort. A discussion ensued over the role of Host Compliance and the need to ensure consequences for non-compliance is publicized to deter future short-term rentals without a permit.

Action Item: Mr. Mendes requested this process be audited again 90 to 120 days after the audit recommendations are implemented.

Discussion on Audit of General Sessions Recovery Court Fiscal Administration (Workbook pages 20 through 24)

Ms. Nan Wen summarized the objectives, observations, and recommendations of this audit.

Mr. Briley inquired about the ability and impact of a Metropolitan Nashville Government employee making a decision related to Davidson County Drug Court Foundation expenditures. Mr. Briley asserted his concern that if a Metropolitan Nashville Government employee could exercise control by initiating/approving expenditures on behalf of the Davidson County Drug Court Foundation, this would create a situation whereby the Metropolitan Nashville Council budgetary process is bypassed. Mr. Warner Hassel responded the foundation is providing recovery treatment services independent from the General Sessions Recovery Court and is not donating funds to the General Sessions Recovery Court. The recently developed memorandum of understanding between the General Sessions Recovery Court and the Davidson County Drug Court Foundation clearly defines roles and expectations of cooperation between the entities.

Mr. Mendes asked if the Recovery Court Judge has the ability to appoint Davidson County Drug Court Foundation Board members. Mr. Hassel advised not to his knowledge.

Mr. Briley asked if all the expenditures included in the audit report paid by the General Sessions Court on behalf of the Davidson County Drug Court Foundation have been reimbursed to the Metropolitan Nashville Government. Mr. Swann advised yes.

Mr. Cooper inquired about the staffing level. Mr. Hassel responded with a discussion on how the General Sessions Recovery Court is staffed.

Mr. Charles Frasier inquired about the legal status of the Court Foundation Center established by the Davidson County Drug Court Foundation. Mr. Hassel indicated the Court Foundation Center is the entity providing treatment services.

Action Item: Mr. Mendes requested the Department of Law to determine if the memorandum of understanding needed to be approved by the Metropolitan Nashville Council.

Discussion on Audit of Autumn Assisted Living Partners (Workbook pages 25 through 30)

Mr. Mark Swann summarized the objectives, observations, and recommendations of this audit.

Mr. Cooper inquired, and a discussion ensued over the business/real estate plan that was not successfully completed by the operator. Mr. Cooper inquired about the lack of monitoring of the contractor. Mr. Marc Overlook advised that Metropolitan Nashville General Hospital management has taken steps to ensure this situation does not occur again.

A discussion ensued over the amount of money unaccounted for and the amount the Metropolitan Nashville Government paid to cover unpaid bills for Autumn Assisted Living Partners. Ms. Kim McDoniel indicated earlier this year the Metropolitan Nashville Government paid vendors that were essential for life and safety at the facility, such as utility and fire safety vendors. The Metropolitan Nashville Government has not paid any other vendors owed money from Autumn Assisted Living Partners, approximately \$500,000.

Metropolitan Nashville Audit Committee Annual Self-Assessment (Workbook pages 31 through 34)

Mr. Swann discussed the Metropolitan Nashville Audit Committee annual self-assessment. Mr. Swann advised the only cautionary item pertained to the Committee not making a motion to accept the fiscal year 2016 Single Audit Report and a self-assessment had not been completed for the previous year.

A **motion** to accept the Metropolitan Nashville Audit Committee Annual Self-Assessment was made, seconded, and carried.

Action Item: Mr. Mendes requested the 2016 Single Audit Report be considered for acceptance at the next Committee meeting.

Discussion on External Audit Firm Partner Rotation

Mr. David Hunt presented an organizational chart outlining the proposed Crosslin engagement team for the fiscal year 2018 engagement. Mr. Hunt advised that the primary change would be that Mr. Daniel Miller would be the new Principal-in-Charge for the next two years. Mr. Hunt summarized the various Crosslin team members who would be responsible for key areas of the engagement. Mr. Hunt advised that Crosslin had rotated leadership roles for key engagement areas. Mr. Hunt advised that while the leadership roles in key areas had changed, the collective

institutional knowledge that Crosslin has obtained over the years, which is critical in performing a successful audit, remains intact. No discussion ensued.

UNFINISHED BUSINESS

Discussion on Audit of the Assessor of Property (Workbook pages 45 through 48)

Ms. Mary Cole summarized the objectives, observations, and recommendations of this audit. No discussion ensued.

OTHER ADMINISTRATIVE MATTERS

Mr. Swann briefly updated the Committee on an investigation that had recently been completed concerning Metro Water Services contractor Civic Engineering and Information Technologies, Inc. In addition, the Committee was advised the Office of Internal Audit is currently working on two additional investigations.

Mr. Swann briefly updated the Committee on the status of previous audit recommendations listed in the Metropolitan Nashville Audit Committee Workbook for September 12, 2017, pages 35 through 42.

Action Items: Mr. Reed requested that pending audit recommendations be sorted by the entity responsible for corrective action in future reports.

Mr. Swann advised that budget and staffing information could be reviewed in the Metropolitan Nashville Audit Committee Workbook for September 12, 2017, pages 51 through 57.

The public meeting adjourned after approximately 75 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 15 minutes.

The meeting concluded after 90 minutes at 5:30 p.m.

Respectfully submitted to the Metropolitan Nashville Audit Committee.

Mark Swann
Secretary, Metropolitan Nashville Audit Committee

[Page Intentionally Left Blank]

EXECUTIVE SUMMARY

September 18, 2017



Why We Did This Audit

The audit was initiated because a well maintained fleet is a vital component of public safety and many other Metropolitan Nashville Government services.

What We Recommend

- Enhance controls to ensure vehicles are being utilized and meeting preventative maintenance requirements.
- Strengthen controls around the monitoring of take-home vehicle (24 hour) assignments.
- Improve monitoring of employee productivity and reworks.
- Limit access to the parts room.

For more information on this or any of our reports, email Mark.Swann@nashville.gov

Audit of the Office of Fleet Management

BACKGROUND

The Office of Fleet Management was created in July 2002 to centralize fleet ownership and operations in order to effectively and efficiently maintain the fleet reflective of industry norms. Previously, fleet operations were fragmented among several departments, including General Services Department, Nashville Fire Department, Metro Water Services, Parks and Recreation Department, and Public Works Department.

The Office of Fleet Management's mission is achieved through three programs: Asset Management, Fuel Supply, and the Vehicle and Equipment Repair Program. The Office currently has 71 full-time employees.

Fleet vehicles are purchased using various funding sources, such as the four percent general reserve fund, enterprise funds, grants, or the capital improvements budget. The fleet consists of approximately 3,600 vehicles and equipment that are assigned to 33 departments and agencies.

OBJECTIVES AND SCOPE

The objectives of this audit are to determine if:

- Controls ensure that the operational objectives and mission of the Office of Fleet Management are being achieved.
- Controls ensure the proper management of fiscal resources.
- Recommendations from the October 2012 Audit of Metropolitan Nashville Government's Motor Fuel Usage Office of Fleet Management were implemented.

Transactional records reviewed cover fiscal years 2016 and 2017 (partial).

WHAT WE FOUND

The Office of Fleet Management is providing satisfactory maintenance services of vehicles and equipment to support Metropolitan Nashville Government departments. However, improvement is needed in areas such as preventative maintenance, employee productivity monitoring, vehicle utilization, and automotive parts inventory control and analysis.

GOVERNANCE

The Office of Fleet Management is a division of the General Services Department and is overseen by an Assistant Director who reports directly to the Director of General Services. This organization structure was established in 2002 by Mayor Purcell's Executive Order 14 establishing the centralized Office of Fleet Management to own and manage a consolidated fleet. Mayor Barry's Executive Order 14, dated February 24, 2016, reaffirmed the practice of consolidated fleets and fleet operations in one office and established an ad hoc Fleet Advisory Committee to review and recommend on matters such as vehicle assignments, utilization, and replacement.

The Metropolitan Nashville Code of Laws § 2.32.060 authorizes the Office of Fleet Management to adopt additional rules and regulations pertaining to use and operation of Metro vehicles and equipment. To this end, the General Services Department issued a series of administrative orders as policies and procedures pertaining to fleet acquisition, maintenance, assignments, and disposal. Each department with assigned vehicle or equipment has a fleet coordinator that acts as the intermediary between the Office of Fleet Management and their department. Their responsibilities are also detailed in these administrative orders.

FISCAL INFORMATION

The Office of Fleet Management is an internal service fund with \$22.6 million budget for the fiscal year 2017. The budget is allocated as internal service fees to user departments based on the actual fuel usage for the fuel supply program and the number of vehicles for the asset management and vehicle and equipment repair programs.

Exhibit 1 – Budget by Fiscal Year

Program	FY 2015	FY 2016	FY 2017
Asset Management	\$ 1,188,500	\$ 1,229,700	\$ 1,274,200
Fuel Supply	9,887,400	9,743,400	9,731,000
Vehicle and Equipment Repair	9,865,900	10,505,700	11,615,400
Total	\$20,941,800	\$21,478,800	\$22,620,600

Source: Metropolitan Nashville Government's EnterpriseOne Financial System

Exhibit 2 – Major Expenditures by Fiscal Year

Expenditure Category	FY2014	FY2015	FY2016
Automotive Fuel	\$ 9,266,070	\$7,299,644	\$5,003,196
Salary & Benefits	4,915,739	5,433,338	5,454,872
Automotive Repair Parts	2,223,757	2,632,870	2,612,340
Automotive Tires	1,087,176	880,551	795,424
Automotive Repair Service	638,548	683,540	1,087,298

Source: Metropolitan Nashville Government's EnterpriseOne Financial System

Exhibit 3 – Top Ten Vendors Excluding Fuel Supply Program from January 2015 to January 2017

Vendor Name	Payment Amount
CB Collision	\$667,169
Cumberland International Trucks	657,229
Mack of Nashville, LLC	312,342
Middle Tennessee Ford Truck Sales	211,811
Freeland Chevrolet, LLC	147,188
Clark Power Services, Inc.	146,654
Stringfellow, Inc.	115,169
Neely Coble Company	114,305
Crown Ford, Inc.	113,428
Fastenal	95,327

Source: Metropolitan Nashville Government's EnterpriseOne Financial System

PERFORMANCE

The 71 employees within the Office of Fleet Management completed 66,383 work orders in the two years between February 1, 2015, and January 31, 2017. This equates to an average of 133 work orders completed per business day.

Exhibit 4 –Completed Work Orders by Shop between February 1, 2015, and January 31, 2017

Shop	FTEs	Completed Work Orders
Light Vehicle Shop	31	37,126
Heavy Vehicle Shop	34	23,891
Ground Vehicle/Equipment Shop	6	5,365

Source: Metropolitan Nashville Government's EnterpriseOne Financial System

Analysis shows that 49 percent of these completed work orders are in the top 10 repair types (out of 541.) All these repairs were completed within a reasonable length of time. (See Exhibit 5 below.)

Exhibit 5 –Top Ten Repair and Wreck Repair Types between February 1, 2015, and January 31, 2017

Repair Types	Completed Work Orders	Average Completion Hours	Average Days Work Order Active
Tires, Tubes, Liners, & Valves	8,282	1	2
Power Plant (Engine Work)	4,114	5	11
Brakes	3,414	3	5
Lighting System	3,067	2	5
Preventative Maintenance – Police Vehicles ¹	2,684	2	-- ¹
Towing In-House	2,520	2	1
Preventative Maintenance – Light Vehicles ¹	2,458	2	-- ¹
Air Conditioning, Heating, and Ventilation	2,208	4	9
Annual Emissions Testing	2,201	1	-- ²
Road Side Assistance	1,876	3	1
Wreck Repairs (Sent to collision repair shop)	880	Not Applicable	63

Source: Metropolitan Nashville Government's EnterpriseOne Financial System

¹ Preventative maintenance work orders are created when vehicle mileage is met, not when vehicle is sent to shop.

² Annual emission testing work orders are created at the beginning of the year, not when vehicle is sent to testing.

APPENDIX A – MANAGEMENT RESPONSE AND CORRECTIVE ACTION PLAN

We believe that operational management is in a unique position to best understand their operations and may be able to identify more innovative and effective approaches, and we encourage them to do so when providing their response to our recommendations.

Recommendation	Concurrence and Corrective Action Plan	Proposed Completion Date
<i>Recommendation for management of the Office of Fleet Management to:</i>		
<p>A.1: Explore and establish an effective communication and scheduling method with fleet coordinators to ensure preventative maintenance scheduling meets user department’s business cycles.</p>	<p>Accept. Although we do not agree with the apparent premise (<i>i.e.</i>, that preventive maintenance shortfalls have resulted from ineffective communication and scheduling), General Services accepts the recommendation for continued efforts to improve Metro fleet preventive maintenance. OFM will continue regular, preventive maintenance communications, initiate enhanced Metro specific notices by the FASTER system (example notice attached), and continually consider the implementation of other means to impress the importance of preventive maintenance upon Metro agency customers.</p>	<p>Completed</p>
<p>A.2: Initiate cost-benefit analysis on how telematics technology could be used to increase efficiency with fleet management. For example, receiving real-time odometer readings to schedule preventative maintenance work orders and monitor utilization.</p>	<p>Accept. General Services accepts the recommendation for analysis (despite questioning whether the frequency of drivers not entering accurate mileage data in fuel logs is material as well as whether such inaccuracy has a substantive detrimental impact on preventive maintenance compliance since such errors actually result in the early generation of preventive maintenance notices).</p> <p>The recommended analysis is consistent with OFM's on-going commitment to stay abreast of technical innovations and how they might enhance OFM operations. Further, OFM management will evaluate the current need for a telematics technology study examining potential fleet management benefits, associated resource requirements, and possible resulting liability.</p>	<p>June 30, 2018</p>
<p>B.1: Incorporate evaluation of vehicle utilization data into the vehicle procurement process and enforce replacement criteria established by Administrative Order 05-09 while making purchasing decisions.</p>	<p>Accept. General Services considers utilization along with other factors as required by the referenced administrative order, which details multiple, pertinent guidelines (factors relevant to use include unit mileage, usage patterns/use hours, age, operational cost, and maintenance history).</p> <p>We understand from a conversation with auditors that this recommendation pertains specifically to the procurement of</p>	<p>June 30, 2018</p>

APPENDIX A – MANAGEMENT RESPONSE AND CORRECTIVE ACTION PLAN

Recommendation	Concurrence and Corrective Action Plan	Proposed Completion Date
	<p>new/additional fleet units. Accordingly, General Services accepts the recommendation to facilitate the consideration of mileage data for Metro agencies' existing units along with their new/additional unit requests, and General Services will include that data when forwarding the Metro agency requests to the Finance Department.</p>	
<p>B.2: Request and follow up semi-annual or annual utilization reports from user departments, with justification of noncompliance and departmental action plan for meeting requirement.</p>	<p>Accept. General Services accepts the recommendation to continue periodic utilization reviews (despite finding that these efforts produce minimal results), and per this Internal Audit recommendation, OFM will ask Metro agencies to regularly document and implement plans which explain and address utilization shortfalls as appropriate.</p>	<p>June 30, 2018</p>
<p>B.3: Develop an action plan for increasing fleet utilization and identifying an ideal fleet size. This could include: (a) enforcing accurate data input, (b) eliminating or reassigning underutilized vehicles, (c) exploring opportunities to rent specialized equipment or seasonal use of equipment, (d) not replacing vehicles for departments under an acceptable utilization percentage, (e) utilizing rides share companies like Uber or Lyft or taxi services for local travel, (f) rotating vehicles, using telematics to identify fleet utilization patterns, (g) placing underutilized vehicles and equipment into the General Services motor pool, or (h) increase employee personal vehicle use for Metropolitan Nashville Government service.</p>	<p>Accept. General Services accepts the recommendation to develop a specific policy for maximizing fleet utilization. It may include components such as:</p> <ul style="list-style-type: none"> ▪ periodic Metro agency fleet utilization review; ▪ Metro agency existing fleet utilization mileage data submitted to the Finance Department along with the agency's request for new/additional fleet units; ▪ Metro agency regular documentation and implementation of plans which explain and address utilization shortfalls as appropriate; ▪ publication of Metro agency fleet utilization plans so that Metro Internal Audit and the public may more readily evaluate Metro agencies' fleet utilization plans and practices; and ▪ continued and on-going analysis of potential benefits from leasing fleet units (especially seasonal or specialized use equipment). <p>Other suggested components:</p> <ul style="list-style-type: none"> ▪ impacting Metro agency new and existing fleet unit assignments; ▪ directing the use of commercial transportation; and ▪ increasing employee personal vehicle use for Metro business; <p>all involve and have a bearing on a wide range of policy considerations outside</p>	<p>June 30, 2018</p>

APPENDIX A – MANAGEMENT RESPONSE AND CORRECTIVE ACTION PLAN

Recommendation	Concurrence and Corrective Action Plan	Proposed Completion Date
	appropriate General Services purview. Unilateral direction by General Services would be ill-advised, of questionable benefit, and potentially detrimental to public welfare.	
C.1: Conduct a review of vehicle take-home assignments and request agencies to provide documented approval and justification for all take-home vehicle use.	Accept. General Services accepts the recommendation to review Metro agency Take Home (24-hour) Assignments of fleet units. The examination will include Metro agencies providing agency head approval documentation and justification for each assignment.	June 30, 2018
C.2: Reiterate the take-home assignment policy to department heads and fleet coordinators.	Accept. General Services accepts the recommendation to reiterate OFM Take Home (24-hour) Assignments policy with agency heads and designated fleet coordinators (communication copy attached).	Completed
C.3: Maintain a centralized listing of all Metropolitan Nashville take-home vehicles.	Accept. OFM maintains a listing of Metro agency fleet Take Home (24-hour) Assignments (current listing attached).	Completed
C.4: Request all departments annually submit a compliance report to the Office of Fleet Management. This report should include the vehicle decal number, employee's name, job title, and justification for the take-home vehicle assignment.	Accept. General Services accepts the recommendation to ask Metro agencies to submit a periodic, Take Home (24-hour) Assignments policy compliance report detailing required, pertinent information for each Take Home Assignment in effect.	June 30, 2018
C.5: Mark all vehicles with Metro Nashville emblem except for those specifically requested to be unmarked by the Chief of Police, or approved by the General Services Director. All exceptions should be documented.	Accept. Although it is already both OFM policy and practice to affix an appropriate decal package to Metro fleet units, General Services accepts the recommendation to specifically document instances in which the Metro Nashville emblem is not affixed to an automotive fleet unit (with due and proper care and consideration of the fact that some units are designated for undercover assignment).	June 30, 2018
C.6: Explore telematics technology to track take-home vehicles to limit abuse and ensure compliance with Administrative Order 07-09.	Accept. Public safety vehicles currently have installed GPS telematics technology, which enables both the Police and Fire Departments to track geographical locations of their fleet vehicles. General Services accepts the recommendation to consider the practicality of requiring regular, GPS telematics technology analysis of Take Home (24-hour) Assignment units.	June 30, 2018

APPENDIX A – MANAGEMENT RESPONSE AND CORRECTIVE ACTION PLAN

Recommendation	Concurrence and Corrective Action Plan	Proposed Completion Date
D.1: Document the Office of Fleet Management’s target direct time percentage and use the FASTER Fleet Management System to monitor employee productivity.	Accept. General Services OFM began using the FASTER Fleet Management System to report and monitor aspects of employee productivity with the March 2017 system implementation (example report attached). The stated OFM target for direct time is 80%.	Completed
E.1: Limit access to the parts room to employees that have job responsibilities that would necessitate entry.	Accept. OFM management recently reviewed the list of individuals that the department authorized for parts room access and confirmed that members of departmental management had (but never used) parts room access. OFM management contacted appropriate IT department staff, to update the list of individuals with General Services authorization for OFM parts rooms access (updated listing attached).	Completed
E.2: After hour part usages should be recorded with reference to calls and work orders.	Accept. OFM current practice includes recording parts use details with appropriate references to the relevant work order. Pursuant to this recommendation, OFM management will review parts use control procedures with particular attention to the need for enhanced policy relating to the time of day at which use occurs as well as to the expanded use of technological tools such as tablets.	June 30, 2018
E.3: Establish a procedure to analyze inventory of automotive parts annually, in terms of ending balance, carrying cost, turn-over, and spoilage so that an efficient stock level and accurate stock value can be determined.	Accept. OFM completes an analysis of automotive parts inventory twice annually. General Services accepts the recommendation to document appropriate, formal procedures for such analysis.	June 30, 2018
F.1: Define what constitutes a rework so that data can be accurately captured for effective managerial analysis.	Accept. Although OFM disputes the effectiveness of "rework" as an essential productivity measure, General Services accepts the recommendation to define what constitutes OFM "rework."	June 30, 2018
F.2: Work orders for reworks should be flagged and monitored by management.	Accept. Although OFM does not consider the "possible rework" system report examined by auditors to be a useful tool given existing resources and does not agree that this recommendation reflects a prudent emphasis and use of resources, General Services accepts the recommendation to identify rework instances for OFM management review and training opportunity follow-up.	June 30, 2018

APPENDIX A – MANAGEMENT RESPONSE AND CORRECTIVE ACTION PLAN

Recommendation	Concurrence and Corrective Action Plan	Proposed Completion Date
<p>G.1: Maintain or obtain access to records in the iProcurement purchasing system for all vehicle and equipment acquisition documentation required by the Administrative Order 05-09 or modify the administrative order to reflect current practice.</p>	<p>Accept. General Services accepts the recommendation to revise Administrative Order 05-09 to reflect current, best practice.</p>	<p>October 31, 2017</p>
<p>H.1: Continue with the implementation of recommendations from October 2012 Audit of Metropolitan Nashville Government’s Motor Fuel Usage Office of Fleet Management.</p>	<p>Accept. General Services accepts the recommendation to continue implementation of corrective actions, which were identified in response to the subject audit recommendations and remain outstanding.</p> <p>Recommendation J.1 is no longer applicable with the implementation of the latest fuel card contract.</p>	<p>June 30, 2018</p>

EXECUTIVE SUMMARY

October 10, 2017



Why We Did This Audit

The audit was initiated due to the critical role the Occupational Safety Program plays in ensuring every employee works in a safe and healthy work environment.

What We Recommend

- Adopt the *ANSI/ASSE Z10-2012 (R2017) Occupational Health and Safety Management Systems* standard as a Metro-wide framework to manage occupational health and safety performance.
- Establish occupational health and safety objectives and allocate appropriate resources to accomplish the established objectives.
- Perform periodic job hazard analysis in each department.
- Enhance monitoring activities.

Audit of the Metropolitan General Government Occupational Safety Program

BACKGROUND

The Metropolitan Nashville General Government is responsible for the safety of approximately 9,100 employee positions, ranging from maintenance workers and first responders to administrative and office personnel. The Occupational Safety Program consists of a central safety administrator and a safety coordinator in each department. Together, department heads, the central safety administrator, the Metropolitan Safety Advisory Board, and safety coordinators are working to ensure employees have safety measures in place to prevent injuries and illnesses on-the-job.

OBJECTIVES AND SCOPE

The objectives of this audit are to determine if:

- Processes and controls are in place to provide assurance that the Occupational Safety Program operational objectives are achieved.
- Recommendations from the 2006 Occupational Health and Safety audit have been implemented.

This audit will look at the status of the audit recommendations since 2006, as well as injury-on-duty claims between January 1, 2012, and December 31, 2016. This audit covers the practices of the Metropolitan Nashville General Government, herein referred to as the Metropolitan Nashville Government, and excludes the Metropolitan Nashville Public Schools and component units.

WHAT WE FOUND

The central safety administrator and department safety coordinators are dedicated with a strong desire to enhance the effectiveness of the Occupational Safety Program. The ability to identify and report accidents and injuries that have occurred is effective and consistent. Many elements of an occupational health and safety system exist within the Metropolitan Nashville Government; however, there is no adopted framework to help guide and move the program forward. There is a lack of clear lines of authority, objectives, and accountability.

The Occupational Safety Program is more reactive than proactive in its approach to occupational safety. Most departments are not conducting reviews to identify and monitor high-risk safety areas. There are no certification or training requirements for safety coordinators.

GOVERNANCE

The Metropolitan Nashville Code of Laws § 2.40.210 states the Metropolitan Nashville Government Department of Law is responsible for the employee Occupational Safety Program. This responsibility has been delegated to the Metropolitan Nashville Government Human Resources Department who employs one central safety administrator.

The Metropolitan Nashville Code of Laws § 2.96 created an eight-member Metropolitan Safety Advisory Board appointed by the Mayor. This Board serves in an advisory function and is responsible for formulating the objectives of the Occupational Safety Program, reviewing its progress, and making recommendations for improvements.

ADDITIONAL INFORMATION

Background

The Metropolitan Nashville Government procured the services of the Matrix Consulting Group in 2005 to conduct an audit of the Occupational Health and Safety Program. The audit report contained 38 recommendations. Based on this report, the Safety Division was moved to the Department of Law and five staff members were hired. The Division then began implementing the remaining audit report recommendations. The financial crisis of 2008 caused significant budgetary cuts, the entire Safety Division was eliminated, and the Occupational Safety Program was suspended for the subsequent three years.

The Occupational Safety program was reestablished in 2011 when the Department of Law delegated applicable functions to the Department of Human Resources. There was limited information available to the new central safety administrator on the work completed by the previous Safety Division. The program is still attempting to implement the recommendations from the 2006 report.

Structure of the Occupational Safety Program

The Occupational Safety Program currently consists of one central safety administrator and a safety coordinator within each department. Out of 53 departments, only 4 have full-time safety coordinators, Metropolitan Nashville Police Department, Nashville Fire Department, Metro Water Services, and Metro Public Works Department, representing 4,464 employee positions. The remaining 49 departments, with 4,636 authorized employee positions, are dependent on part-time coordinators and one central safety program manager for their safety training and hazard mitigation. The central safety administrator acts in an advisory role, available to support the individual departments as needed. Each department head and designated safety coordinator are responsible for the implementation of occupational safety measures within their departments. The amount of time devoted and prioritization for each safety coordinator varies significantly by the department. These safety coordinators also do not report to the central safety administrator but to management within their own department.

An occupational safety and health program is submitted to and approved by the Tennessee Occupational Safety and Health Administration for the Metropolitan Nashville Government by the Metropolitan Nashville Government Human Resources Department.

Performance Measures

The effectiveness of the Occupational Safety Program is measured by the number of reported injury-on-duty claims. Exhibit A shows in the calendar year 2016; the Metropolitan Nashville Government incurred 1,416 injury-on-duty incidents resulting in over \$4.9 million in related expenses. In comparison, in the calendar year 2012, the Metropolitan Nashville Government incurred 2,113 injury-on-duty incidents resulting in over \$8.3 million in related expenses.

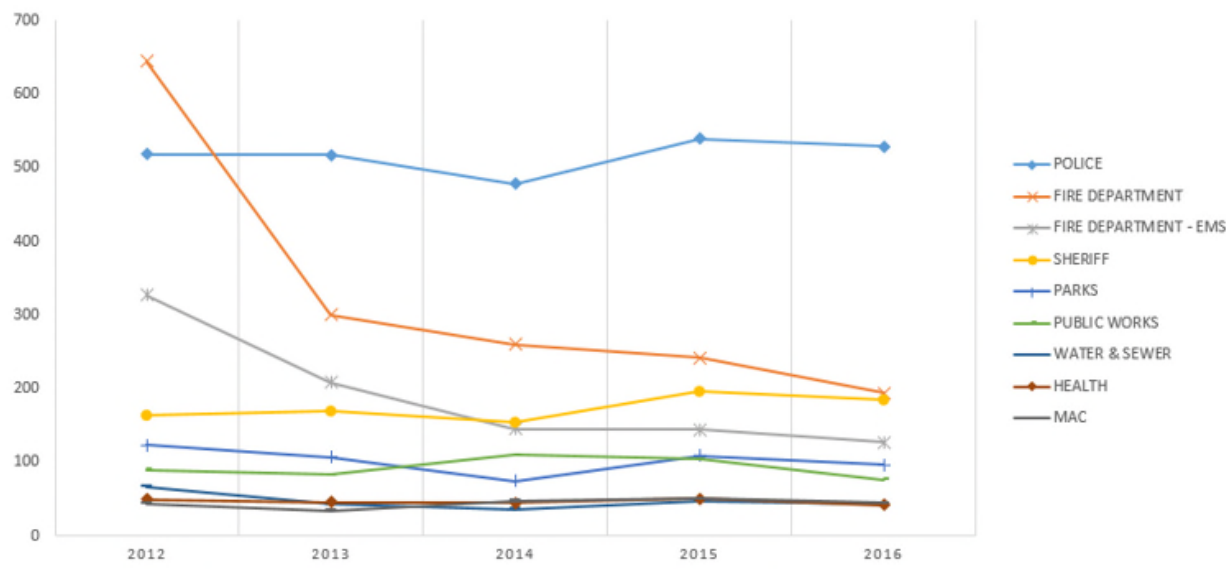
Exhibit A – Calendar Year 2016 Number of Injury-on-Duty Incidents

Department	Incidents
Metropolitan Nashville Police Department	529
Nashville Fire Department	194
Davidson County Sheriff Office	184
Nashville Fire Department – Emergency Management Service	127
Metro Parks and Recreation	96
Metro Nashville Public Works	76
Metro Action Commission	45
Metro Water Services	43
Metro Public Health Department	42
All Other	80
Total	1,416

Source: ASC Metro Safety Year-to-Date as of December 2016

Exhibit B on the next page shows over the past four years, the departments with the highest number of incidents have remained consistent, primarily due to a large number of employees, and the inherent nature of the work. Overall, there has been minimal change in the number of injuries reported by these departments with the exception of the Nashville Fire Department, which incurred a significant decrease between 2012 and 2014.

Exhibit B – Five-Year Trend: Number of Injury-on-Duty Incidents



Source: ASC Metro Safety Year-to-Date 2012- 2016

OBJECTIVES AND CONCLUSIONS

1. Does the Metropolitan Nashville Government have processes and controls in place to provide assurance that the objectives of the Occupational Safety Program are achieved?

Generally, no. Many elements of an occupational health and safety system exist within the Metropolitan Nashville Government; however, there is no adopted framework to help guide and move the program forward. The central safety administrator has set Metro-wide goals, as outlined in the *Metro Safety Manual*, including an organization and responsibilities. Appointing authorities for departments have designated safety coordinators to fulfill these responsibilities. However, within the departments, there is a lack of clear lines of authority, objectives, and accountability. The Occupational Safety Program is more reactive than proactive in its approach to occupational safety. Most departments are not conducting reviews to identify and monitor high-risk safety areas. There are no certification or training requirements for safety coordinators.

These conditions result in an inconsistency regarding the Occupational Safety Programs across departments. (See Observations A, B, C, D, E, and F.)

SUPPORTING OBJECTIVES AND CONCLUSIONS

- a. Does the Metropolitan Nashville Government have the necessary resources to effectively train, communicate, and monitor safety across departments in accordance with applicable state law and best practices?

Generally, no. The Occupational Safety Program is structured where each department is responsible for its own employee safety. The resources available to each department depend on the support and priorities of the individual department heads. Many departments are lacking in resources and support. (See Observation C.)

Attachment "A"

The Department of Law acknowledges the importance of an Occupational Safety Program for the Metropolitan Government. In order for such a program to begin to function and become successful, however, several things need to occur. These include:

1. Revise Metropolitan Nashville Code of Laws §2.40.210 et seq. by placing the responsibility for an Occupational Safety Program under the Department of Human Resources. Article 12 of the Metropolitan Charter places authority over personnel with the Civil Service Commission and the Department of Human Resources. Safety is an employee issue. The audit report recognizes this since many of the recommendations require assistance and approval by both the Department of Human Resources and the Civil Service Commission. The Department of Law can assist in amending the Metropolitan Code by drafting the necessary legislation.
2. The Metropolitan Government needs to make a substantial financial commitment for funding the personnel needed for a comprehensive Occupational Safety Program. In order to put into place, the recommendations made in the audit report an entire safety division structure needs to be created and funded.
3. Qualified safety personnel needs to be identified and hired. This includes the hiring of a Safety Manager, Safety Inspectors, and administrative personnel. (Currently, the Human Resources Department has an employee devoting one-half of his time as Safety Administrator.)

Once sufficient funding has been appropriated, qualified staff hired, and the program is placed under the Department of Human Resources, efforts could then be made to put into effect the recommendations set out in the audit report. Until those things occur, which could be a lengthy process, no definitive timetable for implementation of the audit recommendations can be made.

APPENDIX A – MANAGEMENT RESPONSE AND CORRECTIVE ACTION PLAN

We believe that operational management is in a unique position to understand best their operations and may be able to identify more innovative and effective approaches, and we encourage them to do so when providing their response to our recommendations.

Recommendation	Concurrence and Corrective Action Plan	Proposed Completion Date
<i>Recommendations for the management of the Metropolitan Nashville Government Department of Law to:</i>		
A.1 - Adopt the ANSI/ASSE Z10-2012 (R2017) Occupational Health and Safety Management Systems standard as a Metro-wide framework to manage occupational health and safety performance.	Accepts the concept. The Department of Law accepts the concept of this recommendation, however, is subject to the explanation set out in Attachment "A" (see page 14.)	Undetermined
B.1 - Ensure the Metropolitan Safety Advisory Board is assisting in the formulating and establishment of the goals and objectives of the Occupational Safety Program including lines of responsibility and performance measures.	Accepts the concept. The Department of Law accepts the concept of this recommendation, however, is subject to the explanation set out in Attachment "A" (see page 14.)	Undetermined
B.2 - Periodically review the progress of the program and recommend changes.	Accepts the concept. The Department of Law accepts the concept of this recommendation, however, is subject to the explanation set out in Attachment "A" (see page 14.)	Undetermined
B.3 - Identify, define, obtain, and monitor critical information related to occupational safety.	Accepts the concept. The Department of Law accepts the concept of this recommendation, however, is subject to the explanation set out in Attachment "A" (see page 14.)	Undetermined
B.4 - Ensure Metropolitan Safety Advisory Board meetings are made public and meeting minutes are generated and retained.	Accepts the concept. The Department of Law accepts the concept of this recommendation, however, is subject to the explanation set out in Attachment "A" (see page 14.)	Undetermined
C.1 - Establish occupational health and safety objectives, complete a risk assessment for these objectives, establish implementation plans, and allocate appropriate resources to accomplish the objectives.	Accepts the concept. The Department of Law accepts the concept of this recommendation, however, is subject to the explanation set out in Attachment "A" (see page 14.)	Undetermined

APPENDIX A – MANAGEMENT RESPONSE AND CORRECTIVE ACTION PLAN

Recommendation	Concurrence and Corrective Action Plan	Proposed Completion Date
D.1 - Conduct job hazard analysis for every department on a periodic basis and submit results to the central safety administrator for review and approval.	Accepts the concept. The Department of Law accepts the concept of this recommendation, however, is subject to the explanation set out in Attachment “A” (see page 14.)	Undetermined
E.1 - Establish and require training criteria for each Metropolitan employee associated with the Occupational Safety Program.	Accepts the concept. The Department of Law accepts the concept of this recommendation, however, is subject to the explanation set out in Attachment “A” (see page 14.) In addition, implementation of this recommendation requires adoption by the Civil Service Commission and inclusion in an Executive Order.	Undetermined
E.2 - Identify critical, high-risk safety areas throughout the Metropolitan Government, based on Job Hazard Analysis, and provide training to mitigate the risk of accident/injury.	Accepts the concept. The Department of Law accepts the concept of this recommendation, however, is subject to the explanation set out in Attachment “A” (see page 14.)	Undetermined
F1 - Establish inspection protocols based on the job hazard analysis and communicate the results to the central safety coordinator and Metropolitan Safety Advisory Board.	Accepts the concept. The Department of Law accepts the concept of this recommendation, however, is subject to the explanation set out in Attachment “A” (see page 14.)	Undetermined
G.1 - Evaluate the current organizational placement of the central Occupational Safety and Health Program. (Recommendation 6.2, page 64.)	Accept. The Department of Law accepts this recommendation and can help facilitate the transfer of the program to the Department of Human Resources by drafting the necessary legislation and submitting it to the Metropolitan Council for consideration.	12/01/2017
G.2 - Establish a Safety Manager position to serve as the manager of the central Occupational Safety and Health Program. (Recommendation 6.3, page 67.)	Accepts the concept. The Department of Law accepts the concept of this recommendation, however, is subject to the explanation set out in Attachment “A” (see page 14.) Implementation of this recommendation will require approval by the Civil Service Commission and the Metropolitan Council.	Undetermined

APPENDIX A – MANAGEMENT RESPONSE AND CORRECTIVE ACTION PLAN

Recommendation	Concurrence and Corrective Action Plan	Proposed Completion Date
<p>G.3 - The full-time safety coordinators in the Parks and Recreation Department, Fire Department, and the Police Department should be classified as Safety Coordinator. (Recommendation 6.4, page 71.)</p>	<p>Accepts the concept. The Department of Law accepts the concept of this recommendation, however, is subject to the explanation set out in Attachment “A” (see page 14.)</p> <p>Implementation of this recommendation will require approval by the Department of Human Resources.</p>	<p>Undetermined</p>
<p>G.4 - The Mayor's office should issue an executive order that outlines Metro's commitment to occupational safety and health for its employees. (Recommendation 7.1, page 80.)</p>	<p>Accepts the concept. The Department of Law accepts the concept of this recommendation, however, is subject to the explanation set out in Attachment “A” (see page 14.)</p> <p>Implementation of this recommendation will require action by the Metropolitan Mayor.</p>	<p>Undetermined</p>
<p>G.5 - The central Occupational Safety and Health Program should conduct audits of departmental occupational safety and health programs. (Recommendation 7.5, page 90.)</p>	<p>Accepts the concept. The Department of Law accepts the concept of this recommendation, however, is subject to the explanation set out in Attachment “A” (see page 14.)</p>	<p>Undetermined</p>
<p>G.6 - The central Occupational Safety and Health Program should expand the role of the Safety Advisory Board. (Recommendation 7.6, page 92.)</p>	<p>Accepts the concept. The Department of Law accepts the concept of this recommendation, however, is subject to the explanation set out in Attachment “A” (see page 14.)</p>	<p>Undetermined</p>
<p>G.7 - Every department should establish an occupational safety and health committee. The central Occupational Safety and Health Program should audit the effectiveness of these committees. (Recommendation 7.8, page 95.)</p>	<p>Accepts the concept. The Department of Law accepts the concept of this recommendation, however, is subject to the explanation set out in Attachment “A” (see page 14.)</p> <p>Implementation of this recommendation will require the cooperation of every Metropolitan department.</p>	<p>Undetermined</p>

APPENDIX A – MANAGEMENT RESPONSE AND CORRECTIVE ACTION PLAN

Recommendation	Concurrence and Corrective Action Plan	Proposed Completion Date
<p>G.8 - Separate occupational safety and health budgets should be established in each department. Safety coordinators should be provided with expenditure authority to purchase safety equipment, training materials, etc. (Recommendation 7.9, page 95.)</p>	<p>Accepts the concept. The Department of Law accepts the concept of this recommendation, however, is subject to the explanation set out in Attachment “A” (see page 14.)</p> <p>Implementation of this recommendation will require the cooperation and/or approval by the Metropolitan Mayor, Director of Finance, Metropolitan Council, and each department of the Metropolitan Government.</p>	<p>Undetermined</p>
<p>G.9 - The central Occupational Safety and Health Program should publish a Metro-wide safety newsletter. (Recommendation 7.11, page 98.)</p>	<p>Accepts the concept. The Department of Law accepts the concept of this recommendation, however, is subject to the explanation set out in Attachment “A” (see page 14.)</p>	<p>Undetermined</p>
<p>G.10 - The central Occupational Safety and Health Program should develop a comprehensive Metro-wide return to work program. (Recommendation 8.6, page 120.)</p>	<p>Accepts the concept. The Department of Law accepts the concept of this recommendation, however, is subject to the explanation set out in Attachment “A” (see page 14.)</p> <p>Implementation of this recommendation will require the cooperation and/or approval by the Metropolitan Mayor and the Civil Service Commission.</p>	<p>Undetermined</p>
<p>G.11 - The central Occupational Safety and Health Program should develop an ergonomics program for Metro. (Recommendation 9.7, page 133.)</p>	<p>Accepts the concept. The Department of Law accepts the concept of this recommendation, however, is subject to the explanation set out in Attachment “A” (see page 14.)</p>	<p>Undetermined</p>
<p>G.12 - The central Occupational Safety and Health Program should develop plans to assure the adequacy of emergency evacuation plans and planning of Metro buildings. (Recommendation 9.8, page 133.)</p>	<p>Accepts the concept. The Department of Law accepts the concept of this recommendation, however, is subject to the explanation set out in Attachment “A” (see page 14.)</p>	<p>Undetermined</p>

APPENDIX A – MANAGEMENT RESPONSE AND CORRECTIVE ACTION PLAN

Recommendation	Concurrence and Corrective Action Plan	Proposed Completion Date
<p>G.13 - The health and safety training, part of the Metro Management Institute, should be mandatory. (Recommendation 10.1, page 136.)</p>	<p>Accepts the concept. The Department of Law accepts the concept of this recommendation, however, is subject to the explanation set out in Attachment “A” (see page 14.)</p> <p>Implementation of this recommendation will require the cooperation and/or approval by the Metropolitan Mayor and the Civil Service Commission, the Civil Service Commission, and the Department of Human Resources.</p>	<p>Undetermined</p>
<p>G.14 - The central Occupational Safety and Health Program should develop a policy and procedure regarding occupational safety and health training of employees. (Recommendation 10.3, page 138.)</p>	<p>Accepts the concept. The Department of Law accepts the concept of this recommendation, however, is subject to the explanation set out in Attachment “A” (see page 14.)</p>	<p>Undetermined</p>



METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

October 31, 2017

Metropolitan Nashville Audit Committee:

AUDIT OF DAVIDSON COUNTY SHERIFF'S OFFICE INFORMATION SECURITY PRACTICES

The Metropolitan Nashville Office of Internal Audit has completed the performance audit of the Audit of Davidson County Sheriff's Office Information Security Practices. This audit was performed in accordance with the annual audit plan approved by the Metropolitan Nashville Audit Committee. The Office of Internal Audit concluded through the assistance of Berry Dunn McNeil & Parker LLC that the Davidson County Sheriff's Office should improve security controls for 6 high risk and 38 moderate risk security controls. Out of 223 security controls applicable to the Davidson County Sheriff's Office information systems environment, 112 controls are in compliance, 111 controls are either partially compliant or non-compliant with National Institute of Standards and Technology's Security and Privacy Controls for Federal Information Systems and Organizations.

The Davidson County Sheriff's Office Information Technology Services function must adhere to the security requirements placed on them by the Tennessee Bureau of Investigation and the Federal Bureau of Investigation. These requirements included restricting the distribution of information related to the underlying technology infrastructure and supporting system security services.

Due to the sensitive information included in this report, which could detail vulnerabilities, weaknesses, and possible threats to Metropolitan Nashville's information technology services, the distribution of this report was limited to management of the Davidson County Sheriff's Office, Metropolitan Nashville Government's Information Technology Services, and audit committee members with Criminal Justice Information Systems background clearance. This exemption is granted by Tennessee Code Annotated § 10-7-504 (i) (1) "Information that would allow a person to obtain unauthorized access to confidential information or to government property shall be maintained as confidential."

If you have any additional questions, please contact me at (615) 862-6158.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mark S. Swann".

Mark S. Swann

[Page Intentionally Left Blank]

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

Audit Plan Year February 2017 to January 2018	Report Phase					
	Projects	Planning	Fieldwork	Report	Draft	Final
1) First Tennessee Park Construction				✓		Apr-17
2) Human Resources Civil Service Hiring Process				✓		Jun-17
3) Parks Police				✓		Feb-17
4) Health Department Bureau of Administration and Finance				✓		May-17
5) Office of Assessor				✓		May-17
6) Human Relations Commission				✓		Apr-17
7) Office of Internal Audit Peer Review				✓		Apr-17
8) Metro-wide Occupational Safety				✓		Oct-17
9) Office of Fleet Management				✓		Sep-17
10) Autumn Hills Assisted Living Contracts				✓		Jul-17
11) General Sessions Recovery Court - Fiscal Management				✓		Aug-17
12) Building Safety and Codes Short Term Rental Permitting				✓		Aug-17
13) Metro Water Services - Payroll				✓	Nov-17	
14) Finance Department - Procurement Division				✓	Dec-17	
15) FY2017 Hotel Occupancy Tax Summary				✓	Dec-17	
16) Davidson County Sheriff Office - Information Security				✓		Oct-17
17) MDHA Development Project Financing Process				✓	Dec-17	
18) General Sessions Recovery Court - Case Management				✓	Nov-17	
19) MTA Revenue Collection Process			✓			
20) Educational, Health and Facilities Board			✓			
21) Office of Family Safety	✓					
22) Software Asset Management Process	✓					
23) MNPS Procurement Cards	✓					
Metro IntegrityLine Alerts - February 2017 to January 2018				Total	Closed	Pending
Metro Hotline Alerts (Fraud, Waste & Abuse)				6	4	2
Cases Reported to State of TN				1	0	1
Cases Tasked to OIA by State of TN				0	0	0

Note: Goal to complete 18 audit projects for Plan Year 2017. Currently 13 audit projects are completed, and 5 audit projects are in the draft report phase.

**Summary of Hotel Occupancy Tax Audit Results
As of April 7, 2017**

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	2	\$ 26,697,797	\$ 1,948,212	\$ 6,714	\$ 1,587	\$ 6,404
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	-0.3%	\$ 1,897				
Total	-1.6%	\$ 688,132				

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 November 21, 2017
FY 2018 Approved Budget

		FY 2017			Notes
		Budget	Actual	Difference	
Total Salaries & Fringe		\$ 1,116,300	\$ 408,485	\$ 707,815	
Other Expenses					
Professional & Purchased Services		248,000	14,279	233,721	
Building Rent Parkway Towers		55,500	18,321	37,179	
Other Expenses		71,900	22,937	48,963	
Internal Service Fees		54,000	54,000	-	Information Technology
TOTAL EXPENSES		\$ 1,545,700	\$ 518,022	\$ 1,027,678	34 percent utilization
30003 General Fund 4% Reserve		\$ 8,725	\$ -	\$ 8,725	\$8,074 Audit analytic software + \$651 furniture

Office of Internal Audit Budget History

For the year ending June 30,	Co-sourcing Audit Budget	Total Budget	Co-sourcing Percent of Budget	FTE
2008	\$ 500,000	\$ 1,477,000	34%	10
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
2018	248,000	1,545,700	16%	10

Metropolitan Nashville Office of Internal Audit

Executive Team

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

Project and Office Management Leadership

Qian Yuan MS-Computer Science, CIA, CISA, ACDA, CMFO 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,
CISA, 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 AUDIT COMMITTEE
2017 MEETING PLAN**

Meeting Date	Proposed Agenda Topics
February 28, 2017 (Tuesday)	<ul style="list-style-type: none"> • Office of Internal Audit Annual Performance Report • Internal Audit Annual Work Plan approval • Internal Audit issued report discussion • Follow-up Comprehensive Annual Financial Report, Single Audit Report, and Management Letter
April 11, 2017 (Tuesday)	<ul style="list-style-type: none"> • External Audit Single Audit and Management Letter presentation • Information Security Program Update • Internal Audit issued report discussion • Follow-up Comprehensive Annual Financial Report
July 11, 2017 (Tuesday)	<ul style="list-style-type: none"> • External Audit plan and required communications • Internal Audit issued report discussion • Metropolitan Auditor performance review • Follow-up Comprehensive Annual Financial Report, Single Audit Report, and Management Letter
September 12, 2017 (Tuesday)	<ul style="list-style-type: none"> • Metropolitan Audit Committee self-assessment • Bylaws annual review • Internal Audit issued report discussion • External Audit Comprehensive Annual Financial Report Audit Progress Executive Session
November 16, 2017 (Thursday)	<ul style="list-style-type: none"> • Internal Audit issued report discussion • External Audit Comprehensive Annual Financial Report Audit Progress Executive Session
December 12, 2017 (Tuesday)	<ul style="list-style-type: none"> • External Audit Comprehensive Annual Financial Report • Internal Audit issued report discussion

**Office of Internal Audit
2017 Approved Internal Audit Work Plan Status**

*Co-source	CY 2016 Audits In Progress	Plan Hours	Actual Hours	Status
1	Sports Authority – 1 st Tennessee Field Construction Contract	100	82	Completed
2	Metro Parks and Recreation – Park Police	40	3	Completed
3*	Human Resource Department - Hiring Process	60	52	Completed
4	Health Department – Compliance and Operational Audit	100	87	Completed
5	Office of Property Assessor	200	107	Completed
6	Human Relations Commission	200	267	Completed
CY 2017 New Audit Areas				
1	Hotel Occupancy Tax Audits	500	922	In-Progress
2	Metro-wide Occupational Safety Program	800	744	Completed
3	Autumn Hills Assisted Living Contract	800	995	Completed
4	General Services - Fleet Operations	800	1,491	Completed
5	Metropolitan Development and Housing Agency – Development Project Financing Process (Tax Incremental Financing / Public-Private Financing)	800	726	Draft Report
6	Hospital Authority – General Hospital Purchase to Pay Process	800		
7*	Finance – Purchasing Division	800	1,217	Draft Report
8	Metropolitan Nashville Public Schools – Credit Card Purchases Review	400		In-Progress
9	Metro Water Services – Payroll Process	800	1,530	Draft Report
10	Barnes Fund for Affordable Housing	800		
11	Office of Family Safety	800	134	In-Progress
12	Metropolitan Transit Authority - Revenue Collection Process	800	273	In-Progress
13	Health and Educational Facilities Board	400	99	In-Progress
14	General Sessions Court – Traffic Safety Education Department	800		
15	Airport Authority – Purchase to Pay Process	800		
16	Metro-wide Customer Service Performance	800		
17	Metro Water Services - Storm Water Revenue	800		
18	Metro-wide Software License/Subscription Monitoring	800	20	In-Progress
19	Unusual Financial Transactions Review (payables, credit card, fuel card, time entry, top ten travel, etc.)	800		

**Office of Internal Audit
2017 Approved Internal Audit Work Plan Status**

		Plan Hours	Actual Hours	Status
20*	Davidson County Sheriff Office – Information Security (Active Directory Services, Email Services, Network, End Nodes, Remote Access)	100	113	Completed
21*	Information Technology Services – Information Back-up and Recovery	100		
22*	Metropolitan Nashville Public Schools – Information Security (Active Directory Services, Email Services, Network, End Nodes, Remote Access)	100		
23*	Health Department – Information Technology Governance	100		
24*	Office of Internal Audit Peer Review (Association of Local Government Auditors)	100	52	Completed
Approved Additions to Annual Work Plan				
25	General Sessions Treatment Court – Fiscal Management	400	500	Completed
26	General Sessions Treatment Court – Case Management	400	575	Draft Report
27	Building Safety and Codes Department Short Term Rental Permitting Process	800	603	Completed
Fraud, Waste, and Abuse Investigations and Hotline Support				
	Fraud, Waste, and Abuse Investigations and Hotline Support	1,200	797	
	Grand Total	18,100		
	Total Budget Direct Hours In Plan Year	11,500¹	11,389²	99%
		Goal	Actual	
	Percent Direct Time to Available Time	80%	82%	
	Total Audit Reports	18	13	

¹ Assumes 10% staff turnover. There has been no staff turnover in the Audit Plan year.

² Actual hours reported as of November 22, 2017

[Page Intentionally Left Blank]

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

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

To the extent permitted by the Metropolitan Charter the Metropolitan Nashville Audit Committee is authorized to conduct financial audits, performance audits, or other audit services including investigation and disposition of reported incidents of fraud concerning any department, board, commission, officer, agency, or office of the Metropolitan Government which receives direct services from or to which funds are appropriated by the Metropolitan Government or which the Metropolitan Government provides a guarantee for long-term indebtedness. 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 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.

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

- Meet with auditee after issuance of audit report by Metropolitan Auditor to discuss observations. Hold follow-up to monitor corrective actions implemented by auditee.

Internal Audit

- Review and approve the 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.

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

COMPOSITION

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

MEETINGS

The Committee will meet at least once per quarter, with authority to convene additional meetings, as circumstances require. The Committee will invite members of department, board, commission, officer, 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.

Meeting agendas and minutes/proceedings are to be posted directly to the Metropolitan Nashville Audit Committee page on Nashville.gov at: <http://www.nashville.gov/Government/Boards-and-Commissions.aspx>. Meeting agendas and minutes/proceedings postings should be prepared in a searchable electronic format.

Meeting agendas will be posted six calendar days in advance of the meeting date. Approved meeting minutes will be posted within two workdays of approval by the Committee.

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

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

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 concerning any department, board, commission, officer, agency, or office of the Metropolitan Government which receives direct services from or to which funds are appropriated by the Metropolitan Government or which the Metropolitan Government provides a guarantee for long-term indebtedness. 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 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.

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

- Activities indicate fraud, abuse, or illegal acts which need further investigation.
- Computer-based systems incorporate adequate controls.

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

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

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.

ACCESS TO EMPLOYEES, RECORDS AND PROPERTY

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 access to all Metropolitan Government's records, agreements, information systems, physical properties, and personnel. 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 as described in this subsection. To the extent permitted by the Metropolitan Charter, all Metropolitan Government departments, boards, commissions, officers, agencies, or offices, along with all entities contracting with the Metropolitan Government shall co-operate fully with the Metropolitan Auditor during any such review or request to the fullest extent of applicable law. Any failure to cooperate with the Metropolitan Auditor shall be reported to the Audit Committee, Finance Director, Director of Law, and the Metropolitan Council.

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.

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

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 will request status reports every six months 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 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

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

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.

STANDARDS OF AUDIT PRACTICE

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

STANDARDS OF INVESTIGATION PRACTICE

The Metropolitan Auditor shall establish procedures for conducting fraud, waste, and abuse investigations.

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.

Article IV. - 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.
- H. Access to Records and Personnel. 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 access to all metropolitan government's records, agreements, information systems, physical properties, and personnel. 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 as described in this subsection. To the extent permitted by the Metropolitan Charter, all metropolitan government departments, boards, commissions, officers, agencies, or offices, along with all entities contracting with the metropolitan government shall co-operate fully with the metropolitan auditor during

any such review or request to the fullest extent of applicable law. Any failure to cooperate with the metropolitan auditor shall be reported to the audit committee, finance director, director of law, and the metropolitan council.

- 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 could 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 T.C.A. 9-3-406 and T.C.A. 50-1-304.
 3. It shall be the duty of employees of the metropolitan government or its agencies to report any known act of intentional illegal, intentional fraudulent, or intentional improper use of government funds.
- 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 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 behalf of metropolitan government 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 and the Metropolitan Charter, concerning any department, board, commission, officer, agency, or office of the metropolitan government which receives direct services from or to which funds

are appropriated by the metropolitan government or for which the metropolitan government provides a guarantee for long-term indebtedness. 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 council.

(Amdt. 1 to Ord. BL2017-581 § 1, 2017; Ord. BL2017-581 § 1, 2017; Ord. BL2007-1318 § 2, 2007)

[Page Intentionally Left Blank]

Sec. 8.121. - Division of metropolitan audit.

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

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

Metropolitan Nashville Audit Committee

Executive Session Checklist

- 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

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)