

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



***METROPOLITAN NASHVILLE
AUDIT COMMITTEE***

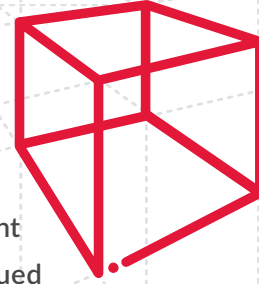
WORKBOOK

February 13, 2018

**My interest is in the future because I am going to spend the rest
of my life there. ~ Charles F. Kettering**

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
REVISED METROPOLITAN AUDIT COMMITTEE MEETING AGENDA
February 13, 2018 4:00 p.m.

Committee Room 2
205 Metropolitan Courthouse

- I. Call Meeting to Order (Brackney Reed - Committee Chairman)
- II. Approval of Minutes for December 12, 2017, Meeting (Brackney Reed – Committee Chairman)
- III. New Business
 - Discussion on request received from Council Member Pulley for an audit/investigation of Mayor Barry’s travel expenses and security detail travel expenses and overtime pay (Mark Swann – Metropolitan Auditor)
 - Discussion on Audit of Health and Educational Facilities Board audit report issued January 21, 2018 (Nan Wen – Internal Auditor II)
 - Discussion on Audit of Recovery Court Case Management audit report issued December 18, 2017 (Nan Wen – Internal Auditor II)
 - Discussion on Audit of Metro Water Services Payroll Process audit report issued December 28, 2017 (Mary Cole – Senior Internal Auditor)
 - Discussion of the Office of Internal Audit Recommended 2018 Annual Work Plan (Mark Swann – Metropolitan Auditor)
- IV. Fraud Waste and Abuse Hotline and Investigation Update (Mark Swann – Metropolitan Auditor)
 - Fraud, waste, and abuse hotline activity services update
 - Metro Action Commission Head Start Compliance
 - 2012SP-032-001 Nashville West End / Aertson Midtown
- V. Internal Audit Project Status (Mark Swann – Metropolitan Auditor)
 - On-going projects
 - Recommendation implementation follow-up status
- VI. Other Administrative Matters (Mark Swann – Metropolitan Auditor)
 - FY2018 budget status
 - Office of Internal Audit 2018 Performance Report and Metropolitan Nashville Audit Committee Annual Report to the Metropolitan Nashville Council
- VII. Consideration of Items for Future Meetings (Brackney Reed - Committee Chairman)
- VIII. Adjournment of public meeting – Next Meeting Tuesday, April 10, 2018.

METROPOLITAN NASHVILLE
REVISED METROPOLITAN AUDIT COMMITTEE MEETING AGENDA
February 13, 2018 4:00 p.m.

IX. Executive session agenda. (Brackney Reed - Committee Chairman)

- If needed, discussion of pending or ongoing audits or audit related 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
December 12, 2017**

On Tuesday, December 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

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

Committee Member Not Present

Brackney Reed, Chamber of Commerce

Others

Mark Swann, Metropolitan Auditor
Theresa Costonis, Department of Law
Dell Crosslin, Crosslin
David Hunt, Crosslin
Lindsey Ellis, Crosslin
Daniel Miller, Crosslin
Nancy Whittemore, Director of General Services
Stacey Wall, Office of Fleet Management
Robert Barlow, General Services
Kim McDoniel, Deputy Finance Director
Maryanne Morris, Department of Finance
Bruce Naremore, Hospital Authority – Chief Financial Officer
Marc Overlock, Hospital Authority – General Counsel
Qian Yuan, Office of Internal Audit
Seth Hatfield, Office of Internal Audit

Quorum present? Yes

CALL MEETING TO ORDER

Mr. Charles Frasier called the meeting to order.

APPROVAL OF MINUTES

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

UNFINISHED BUSINESS

Discussion on Audit of the Office of Fleet Management audit report issued September 18, 2017

Mr. Seth Hatfield addressed the question raised at the last audit committee meeting regarding the turn-around time on repairs from vendors. Audit work conducted in that area was summarized.

Ms. Talia Lomax-O'dneal explained that she had inquired about third party repair work after hearing anecdotal feedback from departments regarding turn-around time for repairs. She was assuming that no findings in the report meant that there was nothing out of line with industry standards.

Mr. Mark Swann directed the Committee to page 19 in the workbook that summarized some of the work conducted during the audit involving turn-around time on repairs from third parties. He explained that the data could not be fully relied on because the previous software system was not a fleet management system. The new FASTER Fleet Management System should provide much better information in determining turn-around time.

Ms. Nancy Whittemore provided additional information from FASTER. Since March 2017, ninety-three percent of repairs were conducted in-house. She explained that that seven percent conducted by vendors included wrecked cars.

Mr. David Briley asked if departments have the obligation to manage utilization or just the authority. Ms. Whittemore explained that utilization is tracked as it is important factor when determining fleet replacements every year. She explained that General Services will have conversations with the Finance Department around budget time and look for possible ways to reduce the fleet, but departments will sometimes draw a hard line when it comes to holding on to vehicles. Ms. Whittemore advised that they have programs in place to help show departments that sharing vehicles can work. Lentz Public Health Center, Public Works, and the Fulton Complex all have electric vehicles that are shared.

Mr. Briley commented that discussions during department Council presentations might be necessary if some departments are vetoing how many vehicles the department has and how those vehicles are used. Ms. Whittemore stated she would be happy to provide recommendations during budget time for the Council and Budget Office to explore.

Mr. Bob Mendes commented that legislation might be necessary if departments don't cooperate with the Office of Fleet Management with utilization requirements and fleet reductions, but he would rather departments voluntarily work with the Office of Fleet Management.

Ms. Lomax-O'dneal inquired about any changes in the number of take-home vehicles over the last few years. Ms. Whittemore stated that a listing of take-home vehicles are obtained from departments each year and the number of take-home vehicles has decreased overall. Ms. Lomax-O'dneal asked if take-home vehicles were in the scope of the audit. Mr. Swann advised that the audit did address take-home vehicles and that some vehicles were identified that may not meet the criteria to be taken home. He explained that take-home vehicles will be part of department audits moving forward. If vehicles are identified that do not meet the criteria, the department would need to provide an exception from the Director of General Services as instructed in the administrative order for take-home vehicle assignments. Ms. Whittemore provided a copy of the current take-home vehicle listing to the Committee.

Mr. Frasier asked if June 2018 was the date for completion of the audit recommendations. Ms. Whittemore confirmed that date and stated that have begun working on the recommendations.

Discussion on the ongoing audit of Metropolitan Nashville FY 2017 Financial Statements audit with Crosslin (External Auditor)

Mr. David Hunt presented the audit results for the FY 2017 financial statements to the Committee. Mr. Hunt discussed the required communications of the CAFR and related audit as required by auditing standards. Engagement team members, responsibilities, independence, fraud risk, deliverables, and the audit methodology were all summarized.

The Single Audit is still ongoing. The Metropolitan Nashville Government did not qualify as low-risk, so testing including a minimum of 40 percent coverage of total federal expenditures of \$175 million. Mr. Frasier asked for the criteria to be considered low-risk. Mr. Hunt explained that the material weakness from the Hospital Authority caused the Metropolitan Nashville Government to be considered high-risk.

Significant activity, unusual items, and adopted accounting pronouncements were summarized. The pronouncements did not have a significant impact on the FY 2017 financial statements. Mr. Hunt explained that the upcoming GASB Statement No. 75 will require the liability for other post-employment benefits (OPEB) to be included in the financial statements. Mr. Mendes inquired about whether the negative net position after the adoption will cause a going concern. Mr. Hunt stated his personal opinion would be the adoption would not cause a going concern due to the fact that OPEB is a long term liability that will continue to be funded.

Mr. John Cooper inquired about industry practices regarding trust funds for OPEB. Mr. Hunt stated that trust funds for OPEB and pensions are handled differently depending among governments as some governments have them and some do not. Mr. Daniel Miller explained that most governments with pensions will have a pension trust fund, but most governments with OPEB will not have an OPEB trust fund.

Action Item: Mr. Cooper requested that Crosslin provide information regarding the number of municipalities that have trust funds for OPEB.

Mr. Hunt summarized accounting estimates, unaudited information in the financial statements, and other additional required communications. Upcoming accounting pronouncements were presented to the Committee. Only GASB Statement No. 75 will have a significant impact as discussed earlier.

Mr. Hunt discussed some of the highlights from the Comprehensive Annual Financial Report and took questions from the Committee.

Mr. Briley inquired whether the undesignated fund balance exceeded the five percent of annual expenditures minimum balance requirement. Mr. Hunt advised that it did.

Mr. Briley asked questions regarding the difference between self-pay and charity care. Mr. Bruce Naremore explained the process for providing charity care. A discussion ensued regarding charity care and how the subsidy provided to the Hospital Authority is utilized.

Mr. Briley left the Audit Committee Meeting at 4:55pm.

The possibility of transferring to patients to other hospitals with a lower cost structure was discussed. Mr. Naremore stated that eligibility for someone in that kind of program would be important because the number of people eligible would determine the size of the funding needed. Mr. Naremore believes that General Hospital's cost of patient care is lower than any of the area hospitals. He also advised the Committee that patients relying on General Hospital for cancer treatment could be effected under the scenario of transferring patients to other hospitals. General Hospital is a safety net hospital and receives a 340b discount on pharmaceuticals, but to be eligible for 340b a hospital must have in-patient beds.

Mr. Mendes clarified that his questions regarding charity care were to gain an understanding of how costs related to the subsidy and were not under the premise of sending patients to other hospitals.

A **motion** to accept the Metropolitan Nashville Government Comprehensive Annual Financial Statement was made, seconded, and carried.

Other Administrative Matters

Mr. Swann presented the proposed six meeting dates for the next calendar year. Mr. Cooper inquired about the FY 2019 audit plan. Mr. Swann clarified when the next audit plan would be presented in February 2018. Mr. Mendes asked if the Metropolitan Audit employment and compensation process had been decided. Mr. Swann stated that information would be provided to the Committee at the April 2018 meeting and the review was scheduled for June 2018.

Recommendation follow-up for the Office of Fleet Management and Short Term Rental Program audits were discussed. Ms. Lomax-O'dneal commented that legislation to assist the Office of Fleet Management with managing fleet utilization might be necessary. Mr. Mendes agreed to work with the administration regarding any proposed legislation regarding fleet utilization if necessary.

The public meeting adjourned after approximately 67 minutes.

Respectfully submitted to the Metropolitan Nashville Audit Committee.

Mark Swann
Secretary, Metropolitan Nashville Audit Committee

[Page Intentionally Left Blank]

Swann, Mark (Internal Audit)

From: Pulley, Russ (Council Member)
Sent: Thursday, February 8, 2018 8:59 AM
To: Swann, Mark (Internal Audit)
Subject: Re: Internal Audit Investigation

Yes

Sent from my iPhone

> On Feb 8, 2018, at 8:04 AM, Swann, Mark (Internal Audit) <Mark.Swann@nashville.gov> wrote:

>

> Council Member Pully,

>

> Do you still want me to present this request to the Metropolitan Nashville Audit Committee on Tuesday, February 13?

>

>

> Mark S. Swann – Metropolitan Auditor

> Metropolitan Nashville Office of Internal Audit

> Tel: 615 862-6158 | Mobile: 615 974-8700 | Fax: 615 862-6425 Metro

> Nashville Fraud Waste or Abuse Hotline or call 877-647-3335 (Use

> Client Code: Metro)

>

>

>

> -----Original Message-----

> From: Pulley, Russ (Council Member)

> Sent: Tuesday, February 6, 2018 11:45 AM

> To: Swann, Mark (Internal Audit) <Mark.Swann@nashville.gov>

> Subject: Internal Audit Investigation

>

> Mark,

>

> Thanks for taking my call this morning. The purpose of my email is to request that you take a look into the actions of Mayor Megan Barry and Sergeant Rob Forrest. As you well know, last week Mayor Barry announced that she had been involved in an extra marital affair with Sergeant Forrest. In addition, the Mayor's travel with Sgt. Forrest has come under public scrutiny.

>

> I would like to formally request that you were office look into this matter to make a determination of whether any of this was improper.

>

> Thank you for your consideration. If you don't mind, could you confirm receipt of this request?

>

> Russ Pulley

> Nashville Metro Council

> District 25

> 615-308-4972

>

> Sent from my iPhone

EXECUTIVE SUMMARY

January 31, 2018



Why We Did This Audit

The internal audit was performed to determine if the Health and Educational Facilities Board exposes the Metropolitan Nashville Government to unnecessary risk or financial loss through the issuance of conduit debt.

What We Recommend

There are no recommendations.

Audit of Health and Educational Facilities Board

BACKGROUND

The Health and Educational Facilities Board's mission is to encourage and promote the improvement and maintenance of health, educational, and living conditions through private projects in Davidson County and the surrounding area. The Health and Educational Facilities Board is authorized and chartered to issue private activity revenue bonds and loan the proceeds to finance the acquisition, construction, development, rehabilitation, and improvement of health, educational, and multifamily housing facilities.

In addition, the Health and Educational Facilities Board is empowered to enter into a payment in lieu of tax agreement with lessees after approval is received from the Metropolitan Nashville Council.

Since 2012, \$1.3 billion in conduit debt has been issued by the Health and Educational Facilities Board to facilitate private projects to improve health, educational, and living conditions in Tennessee.

OBJECTIVES AND SCOPE

The audit objective is to identify activities of the Health and Educational Facilities Board that could expose the Metropolitan Nashville Government to unnecessary risk or financial loss.

This audit covered conduit debts issued by the Health and Educational Facilities Board between July 1, 2012, and October 31, 2017.

WHAT WE FOUND

The Metropolitan Nashville Government is not, in any event, liable for the debt service payments for bonds issued by the Health and Educational Facilities Board, as explicitly provided by Tennessee Code Annotated § 48-101-313.

The Metropolitan Nashville Government may be exposed to additional risks when it requests the Health and Educational Facilities Board to enter into a payment in lieu of taxes agreement with third-party lessees. However, all such agreements are subject to Metropolitan Nashville Council approval.

EXECUTIVE SUMMARY

December 18, 2017



Why We Did This Audit

This audit is the second phase of an audit conducted on the General Sessions Recovery Court. This phase focused on the case management aspect of the Recovery Court. The first phase focused on the fiscal management aspect of the Recovery Court to which a separate report was issued on August 18, 2017.

What We Recommend

The General Sessions Recovery Court should:

- Develop and implement written policies and procedures.
- Ensure all documentation and court documents are consistently retained.

Audit of General Sessions Recovery Court – Case Management

BACKGROUND

The mission of the General Sessions Recovery Court is to reduce drug-related crime and promote community safety by giving rehabilitation opportunities instead of incarceration to those who have substance abuse issues and have been arrested for a nonviolent offense. The life cycle of a Recovery Court case involves the Davidson County Sheriff's Office, General Sessions Court, and the Davidson County Criminal Clerk's Office.

OBJECTIVES AND SCOPE

The audit objectives are to determine if General Sessions Recovery Court:

- Cases are identified, tracked, and monitored for changes in case disposition authorized by a judge, and changes are recorded by the Criminal Court Clerk.
- Case files are secure.

This audit covers case management activities related to the General Sessions Recovery Court between April 1, 2015, and March 31, 2017.

WHAT WE FOUND

The General Sessions Recovery Court and Criminal Court Clerk's Office have methodologies in place to identify, track, and monitor cases related to the General Sessions Recovery Court. Changes in case disposition are approved by a judge and recorded by the Criminal Court Clerk's Office.

The General Sessions Recovery Court is in the process of developing written policies and procedures. The General Sessions Recovery Court did not have an established document retention schedule for case file information.

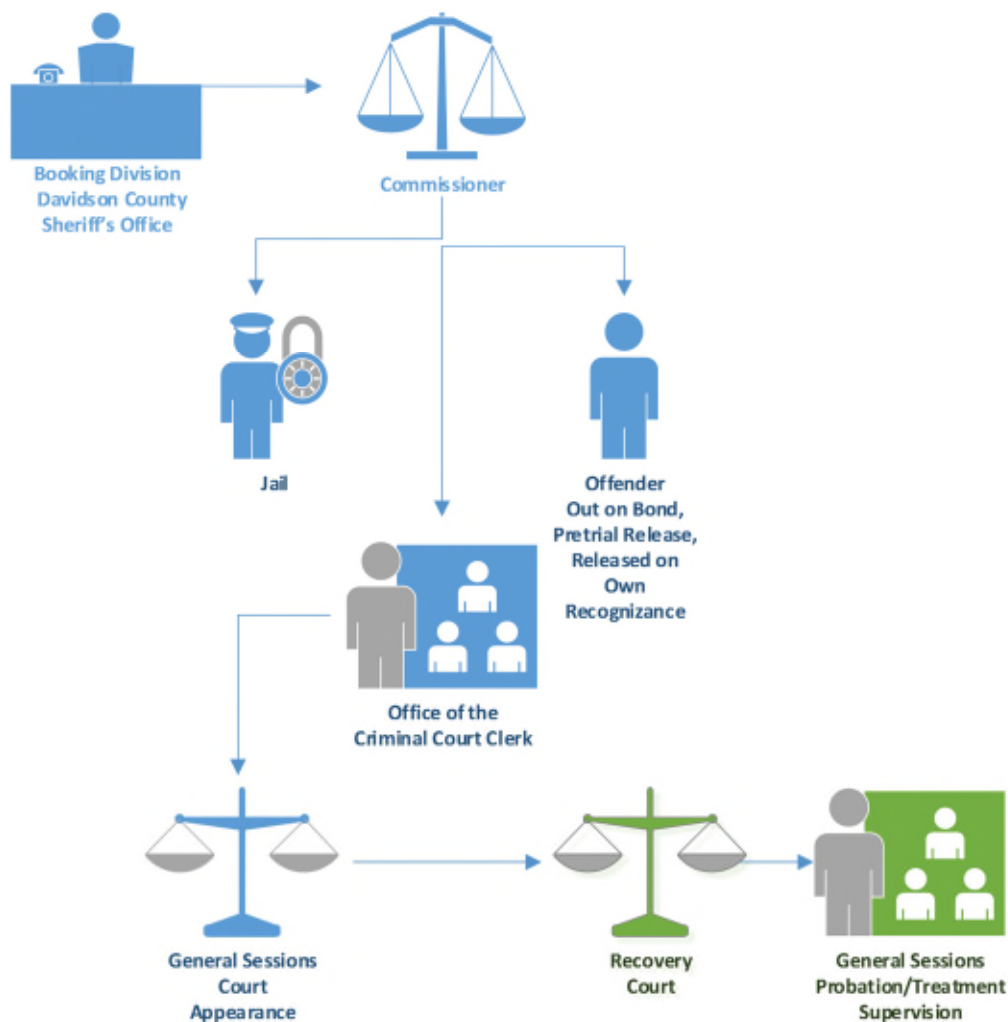
GOVERNANCE

The General Sessions Recovery Court was established through the ‘Drug Court Recovery Act 2003’ enacted by Tennessee Code Annotated, Title 16. A General Sessions Presiding Judge oversees the Court operation. A program manager oversees case management and is under the direct supervision of the General Sessions Court Director of Probation. The Criminal Court Clerk’s Office creates new cases, retains certain documentation, and is responsible for the security of case files.

The General Sessions Recovery Court experienced management change in January 2017. A new program manager was appointed to oversee Recovery Court daily operation. The current program coordinator is under the direct supervision of the Director of Probation in General Sessions Court.

GENERAL SESSIONS COURT CASE MANAGEMENT PROCESS

Exhibit A – Overview of General Sessions Court Case Management Process



The court case management process begins when a citizen has allegedly violated a law or series of laws. The offender is escorted to the Booking Division within the Davidson County Sheriff's Office by a police

officer. A warrant is generated and input into the Criminal Justice Information System during the booking process. A warrant will not be issued unless there is probable cause presented to the issuing Judicial Commissioner that the person has indeed committed the offense.

After the warrant is approved, the commissioner will set bail and the citizen will either:

- Make the bond and be released.
- Qualify for the Pretrial Release program and be released.
- Released on their own recognizance.
- Stay in jail until he/she makes the bond or until the court date.
- Released based on lack of probable cause.

The Commissioner's action of issuing the warrant and setting the bond is entered by the Commissioner in the Criminal Justice Information System with physical copies of documents forwarded to the Criminal Court Clerk's Office. The commissioner will either set bail, require the citizen to reside in jail until the court date or release the citizen based on lack of probable cause. The case is updated in the Criminal Justice Information System by the commissioner with physical copies of documents forwarded to the Criminal Court Clerk's Office

The Office of Criminal Court Clerk's Office accesses the queue, automatically created by the Criminal Justice Information System, and creates a specific case file for each incident. Each case is assigned a court date and set on a criminal docket according to General Sessions Criminal Docket Structure Business Rules. Offenders could be assigned to any General Sessions Court judge's docket. When an offender is in jail, the case is placed on the jail docket, and a closer court date is set.

For cases related to the Recovery Court, the offender's attorney and the District Attorney's Office will work together to negotiate a plea and offer a qualified defendant an opportunity to participate in the Recovery Court Rehabilitation program. There are four steps before the defendant can be admitted into the treatment program:

1. The offender's attorney will fill out a referral form that is approved by the District Attorney's Office.
2. After receiving the referral form, a probation officer will interview the offender and will get background information such as how long the offender has had addiction problems and the type drugs used. The probation officer will also perform a screening to determine if the defendant has a history of being a sex offender, in a gang, or has a violent criminal history.
3. A substance abuse evaluation of the offender is conducted.
4. A team of five members reviews each offender's situation. A vote is conducted to determine if the offender will be recommended to the judge to participate in the program. The five members include the Recovery Court Judge, the Program Manager of Recovery Court, the Director of the Drug Court Foundation Center, an Assistant District Attorney and an Assistant Public Defender. The General Sessions Recovery Court Judge makes the final decision as to whether a person is allowed to become a participant.

The Recovery Court program typically takes anywhere from 12 to 18 months to complete. Participants are required to attend group treatment sessions three times a week. Participants in phase one attend court each week, participants in phase two and three attend court every other week.

The current system utilizes manual case files. The manual case files are the official system of record. There are two files for each participant, the Criminal Court Clerk’s Office file, and the Recovery Court file maintained by the General Sessions Court Probation Office. See Exhibit B for typical documents recorded in a case file.

Exhibit B – Typical General Sessions Court Case File Documentation

Criminal Court Clerk’s Office	General Sessions Recovery Court
Warrant	Referral to Recovery Court
Affidavit	Signed copy of the Recover Court Conditions
Criminal Appearance Recognizance	Signed Release of Information
Disposition Form	Probation Violation and Capias, if applicable
Condition of Release	Signed Disposition into Recovery Court
Probation Violation and Capias, if applicable	Weekly handwritten notes
Miscellaneous motions filed, if applicable	Voluntary Participation Statement

Source: Office of Internal Audit interviews and observations.

Release from the Program

Participants in the Recovery Court program will typically be released in the following four ways:

- *Completed* - Participant has completed the program.
- *Terminated* - Participant has not completed the program, and their supervision term has expired.
- *Revoked* - Participant has violated the terms of probation, and they must serve the original sentence.
- *Probation Violation Warrant* - Participant has violated the terms of probation or bond, the Recovery Court is unaware of where they are, and a warrant has been issued for their arrest.

The Condition of Release Form is signed by the Commissioner in pre-trial cases and retained on file with the Criminal Court Clerk’s Office. A Disposition Form is signed by a General Sessions Judge when participants are released from the Recovery Court program due to completion, termination, or revocation. A copy of the Disposition Form is also retained in the Criminal Clerk’s Office. A summary of General Sessions Recovery Court cases is shown in Exhibit C.

Exhibit C – General Sessions Recovery Court Cases by Status from April 1, 2015, to March 31, 2017

Case Status	Recovery Court	Criminal Court Clerk
Abated by Death	1	3
Active	60	95
Completed	45	75
PV Warrant	28	55
Revoked	75	124
Terminated	43	79
Total	252	431

Source: Adult Probation Information System as of August 23, 2017.

Information System Utilized in Recovery Court and the Office of the Criminal Court Clerk's Office

There are two software applications used to assist tracking Recovery Court cases. The Criminal Justice Integration System is the primary system that tracks the life cycle of a case. This system is utilized by both the Criminal Court Clerk's Office and the General Session's Recovery Court. The Adult Probation System is used almost exclusively by the General Session's Recovery Court to monitor the terms of probation for Recovery Court participants.

A new E-filing and Document Management System is under contract and will be implemented by the Criminal Court Clerk's Office over the next couple of years. The E-filing system takes the data from its origination and will improve the process. The current Criminal Justice Integration System will not change after the implementation of the new system.

Judge Recusals

There are times when cases are presented before a judge where a conflict of interest may exist. Judges are ethically required by their Canon of Ethics to disclose any potential conflicts of interest in a case to both parties which would be prosecuting and defense attorneys in a criminal case. If there is a conflict of interest, the judges are to follow the following sequential procedures set out in T.C.A. 16-15-209 to obtain a special judge:

1. Interchange with another judge. During the audit period, there were no formal documents to record this. However, a record in the Criminal Justice Information System and a manual file is retained regarding which docket and the specific judge that heard the criminal case.
2. If another judge cannot serve by interchange, a former or retired judge may sit by designation of the Chief Justice of the Tennessee Supreme Court.
3. If a former or retired judge is unavailable, the judge may apply to the Administrative Office of the Courts for assistance in finding a judge to sit by designation of the Chief Justice.
4. Only after exhausting the previous procedures, a judge may appoint a lawyer from a list on a rotating basis that have been previously approved by the judge or judges of the district or county and who are constitutionally qualified and in good standing. If one of the parties in a case has an issue with the appointed lawyer, then the case may be continued until the elected or appointed judge is available.

A copy of the Oath of Office is filed in the Criminal Court Clerk's Office for each special judge except for the judge sitting by interchange. If a conflict should exist and a judge did not recuse himself or herself, then there would be a public record of the judge hearing the case. Attorneys can file motions in court if they feel there is a conflict of interest that has not been adequately addressed by a judge. In these cases, a judge will be required to file a written statement as to why they will or will not recuse themselves.

Effective April 4, 2017, the General Sessions Judges adopted and implemented a Case Transfer Order when a case is transferred from one judge to another. Said Order is signed by the Transferring Judge, Receiving Judge, District Attorney, and Defense Attorney and filed in the Criminal Court Clerk's Office. The Case Transfer Order is also utilized for all General Sessions court cases (civil, criminal, and traffic).

Release from Davidson County Jail

Any offender who resides in jail can only be released in the following three ways:

- A Commissioner will sign a Condition of Release Form in pre-trial cases. A copy of this form is then sent to the Releasing Division within the Davidson County Sheriff's Office. The Criminal Court Clerk's Office retains the original form within their office.
- A judge orders the offenders release. Staff with the Criminal Clerk's Office will prepare a Jail Release Document and record the release in the Criminal Justice Information System. The Jail Release Document is sent to the Releasing Division within the Davidson County Sheriff's Office.
- The offender completes the time served and is released. In these situations, a division within the Davidson County Sheriff's Office is responsible for tracking release dates for inmates. A listing is sent from this division to the Releasing Division. Inmates are then processed for release.

OBJECTIVES AND CONCLUSIONS

1. *Are cases files identified, tracked, and monitored for changes in case disposition authorized by a judge, and changes in disposition are recorded by the Criminal Court Clerk's Office?*

Generally yes. Both the General Sessions Recovery Court the Criminal Court Clerk's Office have controls in place to ensure the identification, monitoring, and security of case files. Processes have also been put in place to ensure that changes in the disposition of a case are approved, documented, and recorded.

The General Sessions Recovery Court is in the process of developing written policies and procedures. (See Observation A.) Document retention within the General Sessions Recovery Court could be improved. (See Observation B.)

2. *Are case files secured?*

Yes. The General Sessions Recovery Court and Criminal Court Clerk's Office have controls in place to ensure only authorized parties have access to case files. Case files are retained at the Criminal Court Clerk's Office where only staff have access to the files. Outside parties may review case files but only in the presence of Criminal Court Clerk's Office staff. Attorneys are allowed to take case files to court but must sign the files out on a log maintained by the Criminal Court Clerk's Office.

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>Recommendations for management of the General Sessions Recovery Court to:</i>		
A.1 - Develop written procedures for each critical process and task related to the case management process and other core requirements. These procedures should be periodically reviewed and updated.	Accept.	Completed.
B.1 - Work with the Metropolitan Nashville Clerk’s Records Management Division to establish a records disposition authorization schedule for General Sessions Recovery Court documentation.	Accept.	02/01/2018
B.2 - Ensure all applicable supporting documentation is being retained for a reasonable time.	Accept.	Completed

EXECUTIVE SUMMARY
December 28, 2017



Why We Did This Audit

Salaries and benefits are a significant expense for Metro Water Services, \$56.3 million or 44 percent of the operating budget for fiscal year 2017.

What We Recommend

- Develop standard procedure to facilitate consistent practices over the payroll process life cycle.
- Explore more efficient and effective ways to leverage the use of technology.

Audit of Metro Water Services – Payroll Process

BACKGROUND

This audit engagement covered the payroll process for Metro Water Services. Metro Water Services uses the PeopleSoft system to manage benefit leave accruals, track earned compensatory time, document payroll exceptions, and maintain employee leave balances.

Between May 1, 2015, and April 30, 2017, 40,386 paychecks for 907 employees were processed by Metro Water Services. Metro Water Services currently has an average of 755 employees per pay period. The major pay types during the audited period totaling \$86.3 million are shown in Exhibit A below.

Exhibit A - Metro Water Services Major Pay Type Amounts between May 1, 2015, and April 30, 2017

Major Pay Type	Amount
Regular	\$65,259,388
Sick, Vacation, and Holiday	10,891,393
Overtime and First Response	7,746,581
Longevity Bonus	836,904
Compensatory Time	596,491
Leave Paid Out at Termination	255,672
Shift Differential Pay	235,733
Bereavement Leave	228,857
Out-of-Class	149,376
Retro Pay and Adjustments	82,356
Injury on Duty Pay	63,699
Other Pay and Adjustments	-9,006
Total Payroll	\$86,337,444

Source: Metro EnterpriseOne Payroll Detail by Department Report

OBJECTIVE AND SCOPE

The objective of this audit is to determine if controls pertaining to the payroll process are in place and working effectively.

This audit reviewed payroll transactions from May 1, 2015, to April 30, 2017.

WHAT WE FOUND

Metro Water Services has controls in place over the payroll process. However, payroll practices are not consistent across sections within Metropolitan Water Services, and use of the PeopleSoft system is not cost-efficient.

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 Metro Water Services to:</i>		
A.1 Finalize its payroll process standard operating procedures and ensure procedures are followed throughout Metro Water Services.	Accept. Metro Water Services has implemented a Leave Action Policy and associated form that creates consistency across the department and includes checks and balances to ensure accuracy. This will also address inconsistency with bereavement, overtime and comp time.	June 1, 2018
A.2 Determine the cause of differences in leave time accrual balances and update controls as needed.	Accept. Metro Water Services believes the causes for the accrual balances have been identified. Each differentiation will be reviewed and adjusted appropriately. Additionally, the new policy includes an annual leave balance audit to check for discrepancies. A policy for leave accrual exceptions will be created. Leave accrual duties will be created and segregated in PeopleSoft.	April 15, 2018
A.3 Review retroactive pay calculations for the past two years and determine if overpayments should be recovered, or any underpayments should be paid to employees.	Accept. Retroactive payments are reviewed on a regular basis. Human Resources and Payroll personnel have adopted a doubled certification model that verifies retroactive pay. Payroll personnel have compiled a listing of all retroactive pay over the last two years. Reviewing two years of previous payments that did not go through the current process will be helpful, but time-consuming.	June 30, 2018
B.1 Ensure processes in the payroll lifecycle are implemented in appropriate functions so that duties for approval, implementation, and execution are separated.	Accept. Metro Water Services agrees that the accrual function should be moved to the appropriate area (Human Resources from Customer Service) and duties segregated. All other functions already reside in Finance and Human Resources where the responsibility ultimately lies.	September 1, 2018

APPENDIX A – MANAGEMENT RESPONSE AND CORRECTIVE ACTION PLAN

Recommendation	Concurrence and Corrective Action Plan	Proposed Completion Date
<p>B.2 Ensure employee or contractor application privileges in the PeopleSoft system only grant access based on business and information security requirements.</p>	<p>Accept. Metro Water Services use of PeopleSoft is limited to division time-keepers and a few administrators. It has worked for the department, but we recognize that the software may have options for more efficient execution and workflows. We will explore those workflows and appropriate access for those using the software.</p>	<p>June 1, 2018</p>
<p>C.1 Convert functions in the PeopleSoft system into the Metropolitan Nashville Government’s enterprise resource management system and timekeeping system.</p>	<p>Accept. Metro Water Services understands that because the General Government is going through an upgrade to the EBS (ERM) system (R12), that ability to adopt Kronos near may be inhibited. Metro Water Services would like to explore how other departments with like shift work and size use the Kronos. Additionally, Metro Water Services would like to understand the relationship of Kronos to EBS and the expected relationship when R12 goes live.</p>	<p>Based on R12 Implementation but exploration can start. December 31, 2018 – Understand how other departments use.</p>

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

OFFICE OF INTERNAL AUDIT



© Can Stock Photo Inc. / dizanna

2018 AUDIT WORK PLAN

February 1, 2018, through January 31, 2019

Recommended to:
Metropolitan Nashville Audit Committee
February 13, 2018

Execute a Focused Audit Plan



METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

February 13, 2018

Metropolitan Nashville Audit Committee Members:

The Metropolitan Nashville Office of Internal Audit solicited request for potential audit areas from Metropolitan Nashville management, council members, and internal audit staff in preparing this plan. The recommended plan attempts to identify the risk that matter and provide enterprise-wide audit coverage. Exhibit A below describes the allocation of 13,500 resource hours needed to complete 20 audit engagements, 4 audit follow-up engagements, and 4 investigation engagements during the 2018 internal audit plan year.

Exhibit A – 2018 Audit Work Plan Allocation of Work Hours

<i>Status</i>	<i>Number of Projects</i>	<i>Budget Work Hours</i>
2017 Audits Currently In-Progress	9	2,100
New Performance Audits	11	8,800
Prior Audit Follow-Up	4	1,000
<i>Total Audit Projects</i>	24	11,900
Metro Hotline Coordination		200
Investigation Request	4	1,000
Non-audit advisory services		400
Total Report Deliverables	28	13,500

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

I am requesting members of the Metropolitan Nashville Audit Committee to review and approve the 2018 Audit Work Plan. The Office of Internal Audit will use this plan to select 11 new audit engagements along with the 9 audit engagements in progress to **complete 20 audit engagements and 4 prior audit follow-up engagements during the 2018 plan year**. We also anticipate requests for 4 investigation engagements during the year.

Sincerely,

Mark S. Swann

Attachment A – CY 2018 Audit Plan

*Co-source	CY 2017 Audits In Progress	Hours
1	Hotel Occupancy Tax Audits – 2017	100
2	Metropolitan Development and Housing Agency – Development Incentive Process (Reporting Phase)	40
3	Finance – Purchasing Division (Reporting Phase)	60
4	Metropolitan Nashville Public Schools – Credit Card Purchases Review (Reporting Phase)	100
5	Office of Family Safety (Reporting Phase)	60
6	Metropolitan Transit Authority - Revenue Collection Process (Reporting Phase)	20
7	Information Technology Services - Software License/Subscription Monitoring (Reporting Phase)	120
8	Mayor’s Office - Barnes Fund for Affordable Housing (Planning Phase)	800
9	Hospital Authority – General Hospital Purchase to Pay Process (Planning Phase)	800
CY 2018 New Audit Areas		
1	Hotel Occupancy Tax Audits - 2018	500
2	Mayor's Office / Nashville Career Advancement Center Opportunity Now Program	800
3	Metropolitan Nashville Government Unusual Financial Transactions Review (payables, credit card, fuel card, time entry, top ten travel, etc.)	800
4	Register of Deeds (Collections, Credit Card, Payroll, Expenses, Application Security, etc.)	800
5	Metro Water Services and Fire Department - Fire Hydrant Maintenance and Inspection Process	800
6	Metropolitan Nashville Government Collaboration with Nonprofit Entities	800
7	Planning Commission – Zoning Conditions Enforcement and Coordination with Public Works - Development Infrastructure Incentives	800
8	Metro Water Services - Storm Water Billing and Revenue Collection	800
9	General Government Employee Benefits Management	800
10	Public Works Contract Monitoring – Collier Engineering (\$9.3 Million FY 2017)	400
11	Arts Commission	600
12	Parks and Recreation Department - Wave Pool Operations	400
13*	Library – Building Security	400
14*	Sports Authority / General Services Department - MLS Soccer Stadium Construction Project	600
15*	Metropolitan Nashville Public Schools - Capital Project Construction Program	600

Attachment A – CY 2018 Audit Plan

*Co-source	CY 2018 New Audit Areas	Hours
16	General Services Department – Construction Owner Representative Contractors (Capital Project Solutions, etc.)	400
Information Technology Risk		
17	Oracle R12 E-Business Suite / Taleo Implementation Project	800
18	Police Department - Advance Records Management System Application Review	800
19*	Metropolitan Nashville Public Schools - Information Technology Security Management	600
20*	Health Department – Information Technology Security Management and Governance	600
21*	Metro Water Services – Infrastructure Information Security Management	600
Audit Recommendation Follow-up		
22	Codes and Building Safety - Short Term Rental Permitting Process Audit Follow-Up	250
23	Information Technology Services - Radio Shop Audit Follow-Up	250
24	General Services Department - Fleet Management Audit Follow-Up	250
25	Human Relations Commission Audit Follow-Up	250
Total Resource Hours for Entire Recommended Plan		16,800

Attachment B – CY 2018 Risk Prioritization Objectives and Risks

Office of Internal Audit Mission Independent Appraisal

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

Metro Service Delivery Objectives

Metric Used to Measure Inherent Risk Impact

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

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

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

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

3a. Government services are managed. (Effectiveness)

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

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

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

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

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

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

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

Attachment B – CY 2018 Risk Prioritization Objectives and Risks

Mayor's Priority Objectives

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

Attachment B – CY 2018 Risk Prioritization Objectives and Risks

Risk Impact Metric	Source	High	Medium	Low
A. Mayor's Priority- Public Safety or Education Impact	OIA Assumption	Entire Population	Subset Population	No Impact
B. Last Audit Month	OIA Project Records	GT 4 Years ('13 or older)	3 to 4 Years ('14 or '15)	LT 2 Years ('16 '17)
C. Total Fees and Collection	OMB Budget to Actual Report (BAR) June 2016	GT \$6 Million	\$6 Million to \$1 Million	LT \$1 Million
D. Vendor Payments	OMB Budget to Actual Report (BAR) June 2016	GT \$6 Million	\$6 Million to \$1 Million	LT \$1 Million
E. Budget FTEs	FY 2016 Budget	GT 250	250 to 50	LT 50
F. Percent Payroll Not Regular Pay	OMB Budget to Actual Report (BAR) June 2016	GT 5%	5% to 1%	LT 1%
G. Expense Appropriation Value	OMB Budget to Actual Report (BAR) June 2016	GT \$15 Million	\$15 Million to \$2 Million	LT \$2 Million
H. Number of Citizens Served	OIA Assumption	Entire Population	Subset Population	Primarily Metro Internal Stakeholders
I. Number of Programs	FY 2018 Business Units with Budget Amounts Assigned to Entity	GT 15 Programs or unknown	Between 15 and 5 Programs	LT 5 Programs
J. HR Transaction	EBS HR Transactions for Promotions or New Hire – CY 2015	GT 50	50 to 11	LT 10

Note: Financial information for component units, fiduciary funds, funds held in trust, and other auditable entities were taken from the *Metropolitan Nashville Budget Versus Actual Report June 30, 2017, FY 2017 Comprehensive Annual Financial Report*, or *FY 2017 Budget Ordinance*.

Attachment C - CY2018 Metrowide Inherent Risk Priorization Worksheet

Audit Entity	Audit Plan	Inherent	Last Audit Date	Months Over	Total Expenses	FTEs	Fees & Collections	Total Payroll	Vendor Payments	Grants or Government Transfers	Net Position
31-Police	√	2.73	7/8/2015	30	188,374,142	1,852	5,689,781	116,585,933	15,996,655	5,610,732	-
32-Fire	√	2.73	8/6/2015	29	130,707,528	1,206	7,946,179	75,827,912	17,146,710	9,772,690	-
38-Health	√	2.64	5/10/2017	8	42,155,780	486	6,490,753	21,328,028	10,709,220	20,468,629	-
39-Library	√	2.55	5/28/2013	56	38,591,437	360	1,221,261	12,975,012	18,999,791	145,884	-
42-Public Works	√√	2.55	12/8/2016	13	144,210,128	395	16,451,878	17,192,533	94,274,065	3,681,398	-
80-MNPS General Purpose Fund	√√√	2.55	12/14/2016	13	1,359,200,619	9,294	809,074,865	481,327,999	621,573,687	391,614,274	-
65-Water & Sewer Services	√√√	2.55	12/28/2017	1	192,255,970	806	251,358,621	42,978,213	115,981,952	1,181,557	-
40-Parks and Recreation	√	2.36	2/24/2017	11	80,630,470	575	19,247,516	19,386,029	50,617,909	1,506,911	-
30-Sheriff		2.36	10/31/2017	3	87,498,630	865	4,392,791	39,778,722	29,513,337	18,918,556	-
91-Emergency Communication Center		2.09	8/25/2011	77	13,636,451	185	83	9,279,544	466,090	481,694	-
75-Metro Action Commission		2.09	2/8/2013	59	23,377,081	383	18,986,960	10,074,589	-	4,921,900	-
10-General Services	√	2.09	9/18/2017	4	76,587,234	169	27,783,859	7,039,564	55,209,648	5,541	-
14-Information Tech Services	√	2.00	1/9/2017	12	32,956,061	138	17,918,111	8,151,127	21,737,912	892	-
19-District Attorney		1.91	9/21/2011	76	7,455,320	96	3,258,070	4,335,369	1,308,715	168,779	-
24-Criminal Court Clerk		1.91	12/20/2011	73	5,271,369	81	4,641,279	3,416,107	343,113	1,230,825	-
76-Nashville Career Advancement Center	√	1.91	11/27/2012	62	6,978,021	41	(1,724)	2,149,508	3,344,039	6,173,486	-
23-Circuit Court Clerk		1.91	10/9/2013	51	9,667,633	46	11,951,446	5,910,216	1,259,036	-	-
26-Juvenile Court		1.91	3/31/2016	22	13,045,514	119	5,289	5,841,576	4,177,417	1,270,950	-
21-Public Defender		1.82	7/15/2010	90	7,176,775	84	7,110	4,816,579	581,753	2,219,809	-
33-Codes Administration		1.82	8/30/2017	5	8,057,822	95	25,029,266	4,734,824	566,038	2,356	-
68-District Energy System (01101218)		1.73	4/24/2014	45	18,063,187	1	17,408,314	148,037	17,915,150	-	-
37-Social Services		1.73	8/20/2014	41	8,927,588	76	157,710	3,510,233	3,233,560	1,557,945	-
18-County Clerk		1.73	3/24/2015	34	4,080,805	79	7,367,463	2,483,197	450,199	74,881	-
28-State Trial Courts		1.73	12/8/2016	13	12,110,110	158	626,567	7,463,538	1,596,028	3,006,728	-
27-General Sessions Court		1.73	12/18/2017	1	11,110,699	123	3,711,483	7,524,356	688,846	17	-
41-Arts Commission	√	1.64	2/24/2010	95	3,993,808	9	10,216	575,344	3,174,455	113,500	-
09-Register of Deeds	√	1.64	4/17/2012	69	2,862,481	-	5,276,111	1,845,149	203,765	-	-
05-Elections		1.64	6/20/2013	55	5,156,370	39	3,875	3,258,192	1,126,705	785,469	-
49-Office of Emergency Management		1.64	4/4/2014	45	1,259,799	-	504	425,006	410,027	464,780	-
51-Office of Family Safety	√	1.55	1/1/2008	120	813,665	1	534	486,957	162,211	134,283	-
61-Municipal Auditorium		1.55	9/15/2010	88	2,041,384	10	1,787,620	524,428	-	213	-
22-Juvenile Court Clerk		1.55	8/9/2012	65	1,661,040	-	530,822	1,111,296	55,298	21	-

Attachment C - CY2018 Metrowide Inherent Risk Priorization Worksheet

Audit Entity	Audit Plan	Inherent	Last Audit Date	Months Over	Total Expenses	FTEs	Fees & Collections	Total Payroll	Vendor Payments	Grants or Government Transfers	Net Position
07-Planning Commission	√	1.55	2/14/2014	47	5,967,243	55	950,945	3,195,070	1,399,657	2,109,946	-
04-Mayor's Office	√√	1.55	4/4/2014	45	4,142,322	30	807,846	2,185,817	1,276,471	127,221	-
62-State Fair		1.55	11/23/2016	14	3,751,792	28	3,317,760	1,072,613	-	247	-
15-Finance	√	1.55	7/18/2017	6	9,454,084	104	781,258	5,989,428	1,066,533	233,928	-
06-Law		1.55	10/10/2017	3	13,685,406	48	8,013,436	3,580,550	6,824,172	-	-
02-Council Staff		1.46	10/19/2010	87	1,703,992	49	-	1,128,592	34,751	-	-
17-Trustee		1.46	7/24/2015	30	2,229,594	25	-	1,071,952	187,057	-	-
16-Assessor of Property		1.46	5/1/2017	8	6,654,360	78	-	3,893,650	891,137	18,240	-
35-Agricultural Extension Serv		1.36	6/15/2010	91	275,384	7	-	210,865	37,401	-	-
45-Transportation Licensing Commission		1.36	9/30/2010	88	-	6	-	-	-	-	-
03-Metropolitan Clerk		1.36	8/3/2012	65	791,486	6	12,824	312,073	307,745	-	-
34-Beer Board		1.36	9/6/2013	52	646,565	5	565,356	454,711	15,739	-	-
29-Justice Integration Services		1.36	10/22/2014	39	2,786,555	19	-	1,283,014	873,935	-	-
70-Community Education Commission		1.36	10/31/2014	39	-	3	-	152,858	-	-	-
11-Historical Commission		1.36	1/26/2015	36	950,941	10	-	552,524	152,641	42,000	-
36-Soil and Water Conservation		1.27	10/30/2013	51	83,415	1	-	49,299	8,221	-	-
08-Human Resources	√	1.27	6/28/2017	7	4,449,582	55	-	2,340,140	998,364	-	-
25-Clerk and Master of the Chancery Court		1.18	3/18/2016	22	1,267,155	18	1,385,351	827,103	121,075	-	-
60-Farmers Market		1.18	8/18/2016	17	2,107,613	7	973,672	269,557	-	72,149	-
44-Human Relations Commission		1.18	4/5/2017	9	437,174	4	-	226,250	125,838	-	-
47-Criminal Justice Planning		1.09	5/8/2014	44	482,794	4	-	312,754	40,455	-	-
48-Office of Internal Audit		1.00	4/6/2017	9	1,024,443	10	-	615,245	162,378	-	-
					2,602,806,821	18,341	1,285,143,061	952,209,182	1,107,346,901	478,118,431	
Other Audit Entities											
99-Capital Projects	√√	1.55	1/1/2008	120	248,859,331	-	11,714,670	-	-	-	-
F30042-30046 Hotel Tax Funds	√	1.46	4/29/2014	45	54,808,538	-	68,515,507	-	-	-	-
F30003 4% Reserve Fund (01101499)		1.36	1/1/2008	120	18,356,948	-	258,806	-	-	29,872,430	56,951,836
01-Economic Development (Various BUs)		1.36	1/1/2008	120	19,436,800	-	-	-	-	-	-
F30114-Barnes Fund for Affordable Housing	√	1.36	1/1/2008	120	3,273,447	-	3,273,447	-	-	-	-
Forensic Medical Examiner(01101614)		1.36	4/14/2015	33	4,573,700	24	140,065	-	-	-	-
90-Debt Services		1.36	11/2/2016	14	228,838,375	-	189,195,535	-	-	-	-
01-Correctional Healthcare (01101613)		1.27	1/1/2008	120	12,619,700	-	-	-	-	-	-

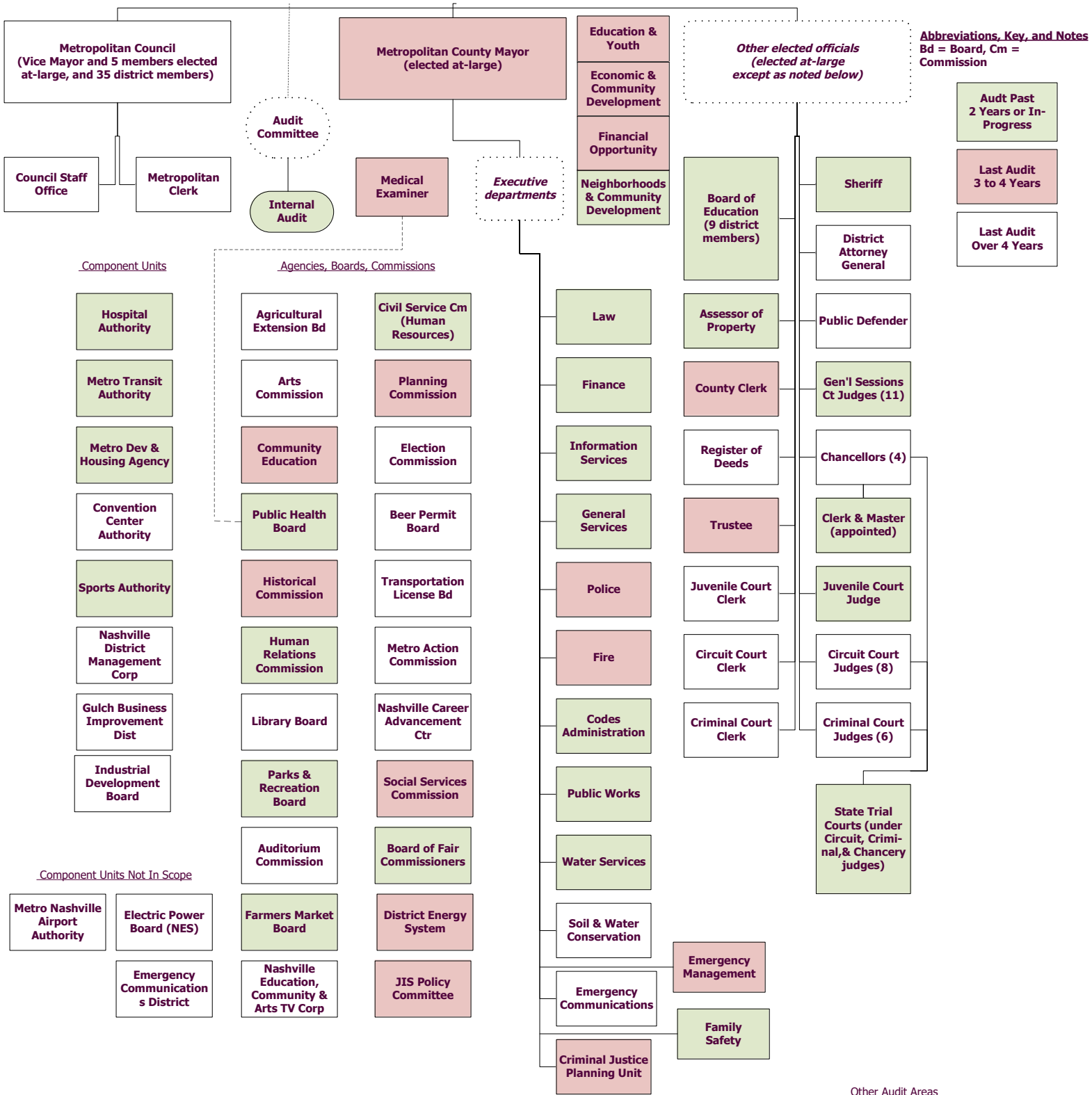
Attachment C - CY2018 Metrowide Inherent Risk Priorization Worksheet

Audit Entity	Audit Plan	Inherent	Last Audit Date	Months Over	Total Expenses	FTEs	Fees & Collections	Total Payroll	Vendor Payments	Grants or Government Transfers	Net Position
01-Community Support (Various BUs)		1.27	1/1/2008	120	12,470,800	-	-	-	-	-	-
F61200-Surplus Property Auction		1.27	1/1/2008	120	728,960	-	1,253,461	-	-	-	-
01-Employee Benefits Plans (Various)	√	1.27	9/23/2014	40	91,131,500	-	-	-	-	-	-
01-Post Audit (01101412)		1.18	1/1/2008	120	1,027,200	-	-	-	-	-	-
01-Commuter Rail (01101237)		1.18	1/1/2008	120	1,500,000	-	-	-	-	-	-
01-Regional Transportation Authority Subsidy		1.18	1/1/2008	120	155,700	-	-	-	-	-	-
F30706 Regional Transportation Planning		1.18	1/1/2008	120	-	-	-	-	-	-	-
F61200-Police Impound		1.18	12/18/2008	109	375,000	-	490,868	-	-	-	-
F34100- Public, Education, & Government Access (N		1.18	10/29/2013	51	-	-	-	-	-	-	-
01-Insurance Reserve (01101301)		1.09	9/9/2014	40	1,681,800	-	-	-	-	-	-
01-Judgement and Losses (01101308)		1.09	9/9/2014	40	1,416,100	-	-	-	-	-	-
Police Secondary Employment		1.09	7/8/2015	30	-	-	-	-	-	-	-
00-Health and Education Facilities Board		1.00	2/2/2018	-1	-	-	-	-	-	-	-
					701,253,899		274,842,359				
Fiduciary and Trust Funds											
TF-Sold Property Tax Recv		1.55	1/1/2008	120	46,080,131	-	46,027,350	-	-	-	1,879,090
FF-Teachers' Retirement Plan		1.55	1/1/2008	120	31,704,774	-	41,819,632	-	-	-	89,448,235
FF-Metro Employees' Benefit Trust		1.55	7/29/2009	102	163,211,738	-	424,398,197	-	-	-	2,968,258,792
TF-Criminal Court Clerk		1.46	12/20/2011	73	10,866,332	-	11,081,743	-	-	-	11,711,592
TF-Circuit Court Clerk		1.46	9/3/2015	28	106,357,517	-	106,861,013	-	-	-	14,291,249
FF-Closed City Plan		1.36	1/1/2008	120	5,760,650	-	5,760,650	-	-	-	-
FF-Teachers' Civil Services and Pension		1.36	1/1/2008	120	3,046,404	-	3,183,568	-	-	-	920,749
FF-Metro Employees' Flex Benefits		1.36	1/1/2008	120	3,872,694	-	3,668,627	-	-	-	1,886,446
TF-Sheriff Work Release & Inmate Trust		1.36	6/12/2009	103	2,438,619	-	2,469,997	-	-	-	365,931
FF-Employees' Pension and Insurance		1.36	7/29/2009	102	5,759,535	-	5,958,365	-	-	-	1,172,919
TF-Clerk and Master		1.36	3/18/2016	22	35,363,008	-	49,121,779	-	-	-	6,007,236
TF-County Clerk		1.36	3/24/2015	0	106,357,517	-	106,861,013	-	-	-	765,224
TF-County Register (ROD)		1.36	4/17/2012	0	63,485,312	-	63,480,830	-	-	-	6,848,004
FF-Davidson County Employees' Retirement		1.27	1/1/2008	120	1,226,758	-	1,226,758	-	-	-	-
TF-Juvenile Court Clerk		1.18	8/9/2012	65	648,093	-	699,016	-	-	-	1,938,679
TF-Planning Performance Bonds		1.09	2/14/2014	47	367,289	-	692,406	-	-	-	1,704,048
FF-Education Flex Benefits		1.09	1/1/2008	0	890,841	-	1,117,387	-	-	-	440,569

Attachment C - CY2018 Metrowide Inherent Risk Priorization Worksheet

Audit Entity	Audit Plan	Inherent	Last Audit Date	Months Over	Total Expenses	FTEs	Fees & Collections	Total Payroll	Vendor Payments	Grants or Government Transfers	Net Position
					587,437,212		874,428,331				
Component Units											
CU Nashville Convention Center Authority		2.18	4/30/2013	57	75,820,411	158	25,163,940	7,024,955	-	92,371,504	-
CU Metropolitan Development & Housing Ag	√	1.91	8/2/2013	53	124,301,210	300	27,297,669	-	-	93,694,318	-
CU Metropolitan Transit Authority	√	1.82	8/16/2012	65	100,180,680	1	20,129,310	215,000	-	71,125,988	-
CU Metropolitan Nashville Hospital Authority	√	1.82	7/18/2017	6	104,949,141	563	62,779,797	-	-	55,713,223	-
CU Sports Authority	√	1.55	4/24/2017	9	49,219,806	2	4,984,911	129,433	28,089,362	38,142,312	-
CU Industrial Development Board		1.46	12/16/2013	49	17,390,060	1	4,950	-	-	17,389,600	-
CU Nashville District Management Corp		1.36	10/13/2011	75	1,932,595	-	1,871,792	-	-	59,620	-
CU Gulch Business Improvement District		1.27	10/13/2011	75	416,361	1	379,756	-	-	-	-
					474,210,264	1,026	142,612,125			368,496,565	
Entities Not in OIA Scope of Services											
CU Electric Power Board (NES)					1,220,802,000	948	1,260,957,000	-	-	-	-
CU Metropolitan Nashville Airport Authority					126,604,537	270	168,188,254	-	-	14,552,791	-
CU Emergency Communication District					6,834,614	-	7,170,889	-	-	-	-

Attachment D - Office of Internal Audit Coverage Map



Funds Held In Trust

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

Fiduciary Funds

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

Other Audit Areas

4% Reserve Fund	Hotel Tax Fund
Debt Services	Capital Projects
Regional Transportation Planning	Insurance Reserves
Correctional Health Care	Judgment & Losses

Advisory/Appeal Boards

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

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**



**Metropolitan Nashville Office of Internal Audit
Audit Project Status
As of February 13, 2018**

Audit Plan Year February 2017 to January 2018	Projects	Planning	Fieldwork	Report	Report Phase	
					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				✓		Dec-17
14) Finance Department - Procurement Division				✓	Feb-18	
15) FY2017 Hotel Occupancy Tax Summary				✓	Feb-18	
16) Davidson County Sheriff Office - Information Security				✓		Oct-17
17) MDHA Development Project Financing Process				✓	Jan-18	
18) General Sessions Recovery Court - Case Management				✓		Dec-17
19) MTA Revenue Collection Process				✓	Jan-18	
20) Educational, Health and Facilities Board				✓		Jan-18
21) Office of Family Safety				✓	Feb-18	
22) Software Asset Management Process				✓	Feb-18	
23) MNPS Procurement Cards				✓	Feb-18	
24) Barnes Fund - Affordable Housing		✓				
25) Hospital Authority - Procurement to Pay Process		✓				
Metro IntegrityLine Alerts - February 2017 to January 2018				Total	Closed	Pending
Metro Hotline Alerts (Fraud, Waste & Abuse)				8	7	1
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 16 audit projects are completed, and 7 audit projects are in the draft report phase.

**Summary of Hotel Occupancy Tax Audit Results
As of February 13, 2018**

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	3	\$ 27,899,674	\$ 1,959,651	\$ 8,880	\$ 2,262	\$ 7,102
2018	6	\$ 23,502,929	\$ 1,997,296	\$ 17,298	\$ 4,906	\$ 1,390
Grand Total	85	\$ 536,025,603	\$ 40,584,860	\$ 622,742	\$ 223,367	\$ 135,020
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	-0.5%	\$ 4,040				
2018	-0.9%	\$ 20,814				
Total	-1.5%	\$ 711,089				

**Open Audit Recommendations Implementation Status
As of February 13, 2018**

Group	Project Name	Issue Date		Recommendation Title	Estimated Date	Revised Date	Age in Days
Assessor of Property	Assessor of Property	6/24/2014	C	A.3	11/30/2014	12/31/2017	1,330
Assessor of Property	Assessor of Property	6/24/2014	C	A.1	12/31/2015	5/1/2020	1,330
Assessor of Property	Assessor of Property	6/24/2014	C	A.7	12/31/2015	5/1/2020	1,330
Assessor of Property	Assessor of Property	5/1/2017		Final Observation A - TimeForce Cumu	7/31/2017	12/31/2018	288
Assessor of Property	Assessor of Property	5/1/2017		Final Observation C- Update Fixed Ass	7/31/2017	6/30/2018	288
Beer Board Permit	Beer Board	4/24/2013		B.1 - Leveraging of Available Technolo	9/30/2013	4/30/2017	1,756
Board of Education	MNPS Performance Audit	2/10/2015		Recommendation 4-C.1	7/1/2015	12/31/2017	1,099
Board of Education	MNPS Performance Audit	2/10/2015		Recommendation 7-E.1	7/1/2015	12/1/2017	1,099
Board of Education	MNPS Performance Audit	2/10/2015		Recommendation 8-K.1	7/1/2015	9/1/2018	1,099
Board of Education	MNPS Performance Audit	2/10/2015		Recommendation 10-C.1	7/1/2015	9/1/2018	1,099
Board of Education	MNPS Performance Audit	2/10/2015		Recommendation 10-G.2	7/1/2015	7/1/2018	1,099
Board of Education	MNPS Performance Audit	2/10/2015		Recommendation 12-B.1	6/1/2016	6/1/2018	1,099
Board of Education	MNPS Student Information System	12/14/2016		B.2-Establish a procedure to reconcile	6/30/2017	3/1/2018	426
Board of Education	MNPS Student Information System	12/14/2016		B.1-Clarify in the Grading procedure o	9/29/2017	10/31/2017	426
Board of Education	MNPS Student Information System	12/14/2016		D.1-Adopt a formal district-wide applic	9/29/2017	12/31/2017	426
Board of Education	MNPS Student Information System	12/14/2016		E.2-Establish a district-wide integrated	9/29/2017	7/1/2018	426
Board of Education	MNPS Student Information System	12/14/2016		E.4-Remove data warehouse maintenanc	9/29/2017	12/31/2017	426
Board of Education	MNPS Student Information System	12/14/2016		E.5-Develop an annual training program	12/29/2017	7/1/2018	426
Board of Fair Commissioners	Nashville Fair Grounds	11/23/2016		D - Controls over Recreational Vehicle	12/31/2016	3/1/2017	447
Board of Fair Commissioners	Nashville Fair Grounds	11/23/2016		E - Untimely Depositing and Recording	12/31/2016	3/1/2017	447
Board of Fair Commissioners	Nashville Fair Grounds	11/23/2016		G.1 - Review of Accounts Receivable	3/31/2017	2/28/2017	447
Board of Fair Commissioners	Nashville Fair Grounds	11/23/2016		G.2 - Review of Accounts Receivable	3/31/2017	3/14/2017	447
Board of Fair Commissioners	Nashville Fair Grounds	11/23/2016		A - Leveraging of Technology	7/1/2017	7/1/2017	447
Civil Service Commission	Human Resources Hiring Process	11/21/2017		A.1 Develop a Mission	12/31/2017	3/30/2018	84
Civil Service Commission	Human Resources Hiring Process	11/21/2017		B.1 Pick a Lane	3/31/2018	6/30/2018	84
Civil Service Commission	Human Resources Hiring Process	11/21/2017		B.2 Redefine Roles and Accountabilitie	3/31/2018	6/30/2018	84
Civil Service Commission	Human Resources Hiring Process	11/21/2017		B.3 Add Technology and Expertise	3/31/2018	3/30/2018	84
Civil Service Commission	Human Resources Hiring Process	11/21/2017		B.4 Practice Good Performance Manag	3/31/2018	3/31/2018	84

C - Confidential Recommendation

CJ - Confidential Criminal Justice Information System Recommendation

**Open Audit Recommendations Implementation Status
As of February 13, 2018**

Group	Project Name	Issue Date		Recommendation Title	Estimated Date	Revised Date	Age in Days
Civil Service Commission	Human Resources Hiring Process	11/21/2017		C.1 Establish a Cross Functional Project	3/31/2018	6/30/2018	84
Civil Service Commission	Human Resources Hiring Process	11/21/2017		C.2 Improve Efficiency of Candidate List	3/31/2018	3/31/2018	84
Civil Service Commission	Human Resources Hiring Process	11/21/2017		C.2 Position Advertising	3/31/2018		84
Civil Service Commission	Human Resources Hiring Process	11/21/2017		D.1 Evaluate Technology Opportunities	6/30/2018	6/30/2019	84
Civil Service Commission	Human Resources Hiring Process	11/21/2017		D.2 Establish Technology Matrix	6/30/2018	6/30/2019	84
Civil Service Commission	Human Resources Hiring Process	11/21/2017		E.1 Identify Cross Functional Team	6/30/2018		84
Civil Service Commission	Human Resources Hiring Process	11/21/2017		E.2 Develop a Standard Reporting Packa	6/30/2018		84
Clerk & Master	Clerk and Master	3/18/2016		A.1 - Odyssey Case Management Man	12/31/2016	12/31/2018	697
Codes Administration Department	Metro Permitting and Licensing Sy	8/31/2015		Interim Report II - B: Metropolitan Nas	1/4/2016		897
Codes Administration Department	Metro Permitting and Licensing Sy	8/31/2015		Interim Report II - C: Complete Definit	1/4/2016		897
Codes Administration Department	Metro Permitting and Licensing Sy	8/31/2015		Interim Report III - A: Formalize User T	1/4/2016		897
Codes Administration Department	Short Term Rental Permitting Pro	8/30/2017		C.1-Review Process	10/1/2017		167
Codes Administration Department	Short Term Rental Permitting Pro	8/30/2017		E.1-Retention of Supporting Document	10/1/2017		167
Codes Administration Department	Short Term Rental Permitting Pro	8/30/2017		E.2-Retention of Supporting Document	10/1/2017		167
Codes Administration Department	Short Term Rental Permitting Pro	8/30/2017		F.1-Written Policies and Procedures	10/1/2017		167
Codes Administration Department	Short Term Rental Permitting Pro	8/30/2017		A.1-Verification of Owner Occupied St	12/1/2017		167
Codes Administration Department	Short Term Rental Permitting Pro	8/30/2017		B.1-Verification of Taxes Paid	12/1/2017		167
Codes Administration Department	Short Term Rental Permitting Pro	8/30/2017		C.2-Review Process	12/1/2017		167
Codes Administration Department	Short Term Rental Permitting Pro	8/30/2017		D.1-Utilization of City Works Comput	12/1/2017		167
Codes Administration Department	Short Term Rental Permitting Pro	8/30/2017		D.2-Utilization of City Works Comput	12/1/2017		167
Codes Administration Department	Short Term Rental Permitting Pro	8/30/2017		D.3-Utilization of City Works Comput	12/1/2017		167
Codes Administration Department	Short Term Rental Permitting Pro	8/30/2017		A.2-Verification of Owner Occupied St	3/1/2018		167
Codes Administration Department	Short Term Rental Permitting Pro	8/30/2017		D.4-Utilization of City Works Comput	9/1/2018		167
Farmers Market Board	Farmer's Market	8/18/2016		A.1 - Leveraging of Technology	6/1/2017	3/31/2018	544
General Services Department	Fuel Supply Management	10/26/2012		B.3 - Monitoring of Fuel Tank Inventor	11/5/2012	6/30/2018	1,936
General Services Department	Fuel Supply Management	10/26/2012		E.1 - Motor Fuel Tracking System	11/5/2012	6/30/2018	1,936
General Services Department	Fuel Supply Management	10/26/2012		E.2 - Motor Fuel Tracking System	11/5/2012	6/30/2018	1,936
General Services Department	Fuel Supply Management	10/26/2012		A - Fuel Management Synergy	12/31/2012	6/30/2018	1,936

C - Confidential Recommendation

CJ - Confidential Criminal Justice Information System Recommendation

**Open Audit Recommendations Implementation Status
As of February 13, 2018**

Group	Project Name	Issue Date		Recommendation Title	Estimated Date	Revised Date	Age in Days
General Services Department	Fuel Supply Management	10/26/2012		H.2 – Wright Express Online User Acce	7/1/2013	12/31/2018	1,936
General Services Department	General Services Office of Fleet M	9/18/2017		G.1 Vehicle Procurement Record Keep	10/31/2017	12/31/2018	148
General Services Department	General Services Office of Fleet M	9/18/2017		A.2 A. Preventive Maintenance Compl	6/30/2018		148
General Services Department	General Services Office of Fleet M	9/18/2017		B.1 Fleet Utilization Monitoring	6/30/2018	12/31/2018	148
General Services Department	General Services Office of Fleet M	9/18/2017		B.2 Fleet Utilization Monitoring	6/30/2018	12/31/2018	148
General Services Department	General Services Office of Fleet M	9/18/2017		B.3 Fleet Utilization Monitoring	6/30/2018	12/31/2018	148
General Services Department	General Services Office of Fleet M	9/18/2017		C.1 Take-Home Vehicle Assignment M	6/30/2018	12/31/2018	148
General Services Department	General Services Office of Fleet M	9/18/2017		C.4 Take-Home Vehicle Assignment M	6/30/2018	12/31/2018	148
General Services Department	General Services Office of Fleet M	9/18/2017		C.5 Take-Home Vehicle Assignment M	6/30/2018		148
General Services Department	General Services Office of Fleet M	9/18/2017		C.6 Take-Home Vehicle Assignment M	6/30/2018		148
General Services Department	General Services Office of Fleet M	9/18/2017		E.2 Auto Parts Inventory Control and A	6/30/2018		148
General Services Department	General Services Office of Fleet M	9/18/2017		E.3 Auto Parts Inventory Control and A	6/30/2018		148
General Services Department	General Services Office of Fleet M	9/18/2017		F.1 Monitoring Rework	6/30/2018		148
General Services Department	General Services Office of Fleet M	9/18/2017		F.2 Monitoring Rework	6/30/2018		148
General Sessions Court	General Sessions Court-Recovery	12/18/2017		B.1 – Retention of Documentation	2/1/2018		57
Historical Commission	Historical Commission	1/26/2015		A.2.5 Record presentations	12/31/2015	12/31/2017	1,114
Historical Commission	Historical Commission	1/26/2015		A.2.8 Web applications	12/31/2015	10/1/2017	1,114
Industrial Development Board	Industrial Development Board	12/16/2013		A.1 - Maintain a Tracking List of Econo	3/15/2014		1,520
Industrial Development Board	Industrial Development Board	12/16/2013		B.1 - Request Written Job Specific Pro	3/15/2014		1,520
Industrial Development Board	Industrial Development Board	12/16/2013		B.2 - Develop a Set of Written Policies	3/15/2014		1,520
Industrial Development Board	Industrial Development Board	12/16/2013		D.1 - Ensure Payment in Lieu of Taxes	3/15/2014		1,520
Information Services Department	ITS - Active Directory Service	4/18/2011	CJ	C.4 –	2/5/2015	11/30/2018	2,493
Information Services Department	ITS - PKI Infrastructure	10/19/2012	CJ	14	8/31/2013	2/28/2018	1,943
Information Services Department	ITS - PKI Infrastructure	10/19/2012	CJ	17.	8/31/2013	3/31/2018	1,943
Information Services Department	ITS - Telecommunications Primary	7/12/2013	CJ	B.1	6/30/2014	4/30/2018	1,677
JIS Policy Committee	Active Directory Services for Justi	10/22/2014	CJ	A -	4/30/2015	7/1/2016	1,210
JIS Policy Committee	Active Directory Services for Justi	10/22/2014	CJ	B -	4/30/2015	7/1/2016	1,210

C - Confidential Recommendation

CJ - Confidential Criminal Justice Information System Recommendation

**Open Audit Recommendations Implementation Status
As of February 13, 2018**

Group	Project Name	Issue Date		Recommendation Title	Estimated Date	Revised Date	Age in Days
Juvenile Court Judges	Juvenile Court	3/31/2016		G.1 - Leave Request	9/1/2016	1/1/2018	684
Law Department	Metro Nashville Occupational Health	10/10/2017		A.1 – Lack of a Formal Occupational Health	3/31/2018	1/6/2029	126
Law Department	Metro Nashville Occupational Health	10/10/2017		B.1 – Enhancements to the Metro Safety	3/31/2018	1/6/2029	126
Law Department	Metro Nashville Occupational Health	10/10/2017		B.2 – Enhancements to the Metro Safety	3/31/2018	1/6/2029	126
Law Department	Metro Nashville Occupational Health	10/10/2017		B.3 – Enhancements to the Metro Safety	3/31/2018	1/6/2029	126
Law Department	Metro Nashville Occupational Health	10/10/2017		B.4 – Enhancements to the Metro Safety	3/31/2018	1/6/2029	126
Law Department	Metro Nashville Occupational Health	10/10/2017		C.1 – Right Sizing Occupational Health	3/31/2018	1/6/2029	126
Law Department	Metro Nashville Occupational Health	10/10/2017		D.1 - Job Hazard Analysis	3/31/2018	1/6/2029	126
Law Department	Metro Nashville Occupational Health	10/10/2017		E.1 – Training Requirements	3/31/2018	1/6/2029	126
Law Department	Metro Nashville Occupational Health	10/10/2017		E.2 – Training Requirements	3/31/2018	1/6/2029	126
Law Department	Metro Nashville Occupational Health	10/10/2017		F.1– Monitoring and Inspections	3/31/2018	1/6/2029	126
Law Department	Metro Nashville Occupational Health	10/10/2017		G.02 - Prior Accepted Audit Recommendation	3/31/2018	1/6/2029	126
Law Department	Metro Nashville Occupational Health	10/10/2017		G.03 - Prior Accepted Audit Recommendation	3/31/2018	1/6/2029	126
Law Department	Metro Nashville Occupational Health	10/10/2017		G.04 - Prior Accepted Audit Recommendation	3/31/2018	1/6/2029	126
Law Department	Metro Nashville Occupational Health	10/10/2017		G.05 - Prior Accepted Audit Recommendation	3/31/2018	1/6/2029	126
Law Department	Metro Nashville Occupational Health	10/10/2017		G.06 - Prior Accepted Audit Recommendation	3/31/2018	1/6/2029	126
Law Department	Metro Nashville Occupational Health	10/10/2017		G.07 - Prior Accepted Audit Recommendation	3/31/2018	1/6/2029	126
Law Department	Metro Nashville Occupational Health	10/10/2017		G.08 - Prior Accepted Audit Recommendation	3/31/2018	1/6/2029	126
Law Department	Metro Nashville Occupational Health	10/10/2017		G.09 - Prior Accepted Audit Recommendation	3/31/2018	1/6/2029	126
Law Department	Metro Nashville Occupational Health	10/10/2017		G.10 - Prior Accepted Audit Recommendation	3/31/2018	1/6/2029	126
Law Department	Metro Nashville Occupational Health	10/10/2017		G.11 - Prior Accepted Audit Recommendation	3/31/2018	1/6/2029	126
Law Department	Metro Nashville Occupational Health	10/10/2017		G.12 - Prior Accepted Audit Recommendation	3/31/2018	1/6/2029	126
Law Department	Metro Nashville Occupational Health	10/10/2017		G.13 - Prior Accepted Audit Recommendation	3/31/2018	1/6/2029	126
Law Department	Metro Nashville Occupational Health	10/10/2017		G.14 - Prior Accepted Audit Recommendation	3/31/2018	1/6/2029	126
Parks & Recreation Board	Parks and Recreation Maintenance	11/5/2015		B – Work Order System	1/31/2017	7/31/2019	831
Public Health Board	Health Department’s Bureau of Alcohol	5/5/2017		D.2 Monitoring of Controls over Cash	8/1/2017	9/15/2017	284
Public Health Board	Health Department’s Bureau of Alcohol	5/5/2017		D.3 Monitoring of Controls over Cash	8/1/2017	11/1/2017	284
Public Health Board	Health Department’s Bureau of Alcohol	5/5/2017		D.4 Monitoring of Controls over Cash	8/1/2017	11/1/2017	284

C - Confidential Recommendation

CJ - Confidential Criminal Justice Information System Recommendation

**Open Audit Recommendations Implementation Status
As of February 13, 2018**

Group	Project Name	Issue Date		Recommendation Title	Estimated Date	Revised Date	Age in Days
Public Health Board	Health Department's Bureau of A	5/5/2017		E.1 Inventory of Capital Assets	8/1/2017	10/1/2017	284
Public Health Board	Health Department's Bureau of A	5/5/2017		E.2 Inventory of Capital Assets	8/1/2017	10/1/2017	284
Public Health Board	MPHD Medical Examiner's Office	4/14/2015		A.1-Medical Examiner's Office Solicita	6/30/2018	6/30/2018	1,036
Public Health Board	MPHD Medical Examiner's Office	4/14/2015		C.1 Contract Monitoring	6/30/2018	6/30/2018	1,036
Sheriff's Office	DCSO Information Security	10/31/2017	CJ	IA-2(5):	11/17/2017		105
Sheriff's Office	DCSO Information Security	10/31/2017	CJ	IA-2:	11/27/2017		105
Sheriff's Office	DCSO Information Security	10/31/2017	CJ	IA-5(8):	11/27/2017		105
Sheriff's Office	DCSO Information Security	10/31/2017	CJ	IA-5(1):	11/27/2017		105
Sheriff's Office	DCSO Information Security	10/31/2017	CJ	AC-6:	1/1/2018		105
Sheriff's Office	DCSO Information Security	10/31/2017	CJ	SC-2:	1/1/2018		105
Sheriff's Office	DCSO Information Security	10/31/2017	CJ	AC-7:	1/1/2018		105
Sheriff's Office	DCSO Information Security	10/31/2017	CJ	AC-17(4):	1/31/2018		105
Sheriff's Office	DCSO Information Security	10/31/2017	CJ	AC-6(2):	1/31/2018		105
Sheriff's Office	DCSO Information Security	10/31/2017	CJ	IA-5:	1/31/2018		105
Sheriff's Office	DCSO Information Security	10/31/2017	CJ	IA-5(4):	1/31/2018		105
Sheriff's Office	DCSO Information Security	10/31/2017	CJ	CA-3:	2/28/2018		105
Sheriff's Office	DCSO Information Security	10/31/2017	CJ	AC-2:	2/28/2018		105
Sheriff's Office	DCSO Information Security	10/31/2017	CJ	AC-2(7):	2/28/2018		105
Sheriff's Office	DCSO Information Security	10/31/2017	CJ	AC-5:	2/28/2018		105
Sheriff's Office	DCSO Information Security	10/31/2017	CJ	AU-6: E	3/31/2018		105
Sheriff's Office	DCSO Information Security	10/31/2017	CJ	CM-4(1):	3/31/2018		105
Sheriff's Office	DCSO Information Security	10/31/2017	CJ	CM-6:	3/31/2018		105
Sheriff's Office	DCSO Information Security	10/31/2017	CJ	A.	6/30/2018		105
Sheriff's Office	DCSO Information Security	10/31/2017	CJ	SI-2(2):	6/30/2018		105
Sheriff's Office	DCSO Information Security	10/31/2017	CJ	AC-2(1):	6/30/2018		105
Sheriff's Office	DCSO Information Security	10/31/2017	CJ	AC-2(3):	6/30/2018		105
Sheriff's Office	DCSO Information Security	10/31/2017	CJ	IA-2(1):	6/30/2018		105
Sheriff's Office	DCSO Information Security	10/31/2017	CJ	IA-2(8):	6/30/2018		105
Sheriff's Office	DCSO Information Security	10/31/2017	CJ	IA-2(9):	6/30/2018		105
Sheriff's Office	DCSO Information Security	10/31/2017	CJ	IA-2(11):	6/30/2018		105
Sheriff's Office	DCSO Information Security	10/31/2017	CJ	AU-12:	6/30/2018		105

C - Confidential Recommendation

CJ - Confidential Criminal Justice Information System Recommendation

**Open Audit Recommendations Implementation Status
As of February 13, 2018**

Group	Project Name	Issue Date		Recommendation Title	Estimated Date	Revised Date	Age in Days
Sheriff's Office	DCSO Information Security	10/31/2017	CJ	AU-2:	6/30/2018		105
Sheriff's Office	DCSO Information Security	10/31/2017	CJ	AU-2(3):	6/30/2018		105
Sheriff's Office	DCSO Information Security	10/31/2017	CJ	AU-5:	6/30/2018		105
Sheriff's Office	DCSO Information Security	10/31/2017	CJ	AU-6(3):	6/30/2018		105
Sheriff's Office	DCSO Information Security	10/31/2017	CJ	CM-3(1):	6/30/2018		105
Sheriff's Office	DCSO Information Security	10/31/2017	CJ	CM-4:	6/30/2018		105
Sheriff's Office	DCSO Information Security	10/31/2017	CJ	SC-28:	6/30/2018		105
Sheriff's Office	DCSO Information Security	10/31/2017	CJ	AC-11:	6/30/2018		105
Sheriff's Office	DCSO Information Security	10/31/2017	CJ	AC-2(4):	6/30/2018		105
Sheriff's Office	DCSO Information Security	10/31/2017	CJ	AC-6(9):	6/30/2018		105
Sheriff's Office	DCSO Information Security	10/31/2017	CJ	CA-7:	6/30/2018		105
Sheriff's Office	DCSO Information Security	10/31/2017	CJ	CM-9:	6/30/2018		105
Sheriff's Office	DCSO Information Security	10/31/2017	CJ	CP-2:	6/30/2018		105
Sheriff's Office	DCSO Information Security	10/31/2017	CJ	IA-4:	6/30/2018		105
Sheriff's Office	DCSO Information Security	10/31/2017	CJ	IR-8:	6/30/2018		105
Sheriff's Office	DCSO Information Security	10/31/2017	CJ	MA-1:	6/30/2018		105
Sheriff's Office	DCSO Information Security	10/31/2017	CJ	SA-11:	6/30/2018		105
Sheriff's Office	DCSO Information Security	10/31/2017	CJ	SI-11:	6/30/2018		105
Water Services Department	Metro Water Services Cash Collec	12/22/2014		A.4 Segregation of Duties	12/1/2015	4/1/2018	1,149
Water Services Department	Water & Sewer Services - Payroll	12/28/2017		A.2-Inconsistent Payroll Practices Acro	4/15/2018		47
Water Services Department	Water & Sewer Services - Payroll	12/28/2017		A.1-Inconsistent Payroll Practices Acro	6/1/2018		47
Water Services Department	Water & Sewer Services - Payroll	12/28/2017		B.2-PeopleSoft Access Controls	6/1/2018		47
Water Services Department	Water & Sewer Services - Payroll	12/28/2017		A.3 -Inconsistent Payroll Practices Acr	6/30/2018		47
Water Services Department	Water & Sewer Services - Payroll	12/28/2017		B.1-PeopleSoft Access Controls	9/1/2018		47
Water Services Department	Water & Sewer Services - Payroll	12/28/2017		C.1-Inefficient Use of PeopleSoft	12/31/2018		47

Audit Recommendations Closed In 2017 Due to Management Acceptance of Risk or No Longer Applicable
As of February 13, 2018

Project Name	Actual Issue Date	Recommendation Title	Recommendation	Response	Recommendation State	Last Status Update	Close Date
General Service - Fuel Supply Management	10/26/2012	J.1 - Monitor Wright Express Rebates	The management of the Office of Fleet Management should: 1) Ensure monthly rebate checks from Wright Express accurately reflect the amount paid from all of the Metro Nashville accounts.	Accept. Already implemented.	Closed - No Longer Applicable	Based on follow-up work completed during the 2017 Audit of the Office of Fleet Management it was determined WEX rebate amounts were not verified against amount billed and paid.	9/19/2017
Public Works Parking Facilities Management	6/26/2015	C.2 – Expansion of Revenues	Perform a cost study of implementing a booting and/or towing program in conjunction with an electronic ticket writing system.	Concur. PW has already begun the process of gathering information on electronic ticket writing systems and will commission a cost study on implementation of a booting and/or towing program.	Closed - Mgt Accepts Risk	Public Works did not receive funding to perform this kind of cost study. Public Works requests that this recommendation be removed as there may never be any available funding. PW has asked for funding for various studies every year for 10 years or more and has not received funding.	9/8/2017
Public Works Parking Facilities Management	6/26/2015	C.3 – Expansion of Revenues	Explore potential changes to State of Tennessee laws and regulations that might help mitigate abuse of handicap parking waivers.	Concur. PW will request that the Metro Legal Department assist in analyzing TN laws and regulations to determine if changes can be made that will help mitigate abuse of handicapped parking waivers.	Closed - Mgt Accepts Risk	Public Works did not receive funding to perform this kind of legislative study. Public Works requests that this recommendation be removed as there may never be any available funding. PW has asked for funding for various studies every year for 10 years or more and has not received funding.	9/8/2017

Audit Recommendations Closed In 2017 Due to Management Acceptance of Risk or No Longer Applicable
As of February 13, 2018

Project Name	Actual Issue Date	Recommendation Title	Recommendation	Response	Recommendation State	Last Status Update	Close Date
Assessor of Property	6/24/2014	Experis A.2 Address Digital Mapping	Addressing going forward prospective concern regarding possible discrepancies between the new digital parcel area mapping practices versus the historical orthophotography.	Agree. Area calculation is a very important phase of the mapping and assessment process and all methods of appraisal rely on the size of a parcel as a key element of value; thus the process should be systematic and accurate. The Office has communicated its concerns regarding this recommendation and intends to continue to engage in discussions regarding this recommendation	Closed - No Longer Applicable	At present, the Mapping Department is reviewing parcels for area discrepancies on a case-by-case basis as potential issues are recognized or are otherwise brought to its attention. As a result, the Office is receiving area corrections that may impact the appraisal and assessment of certain properties as they are processed by the Mapping Department. This process is working satisfactorily at present and it is anticipated that this process will be part of the dialogue that is intended pursuant to Experis C - Reputational Risk. Accordingly, the revised implementation date is 08/01/16.	5/1/2017

Audit Recommendations Closed In 2017 Due to Management Acceptance of Risk or No Longer Applicable
As of February 13, 2018

Project Name	Actual Issue Date	Recommendation Title	Recommendation	Response	Recommendation State	Last Status Update	Close Date
Assessor of Property	6/24/2014	Experis C - Reputational Risk	Developing a more formal resolution and strategy for movement to digital parcel maps will contribute to more accuracy for the Davidson County constituency.	Agree. See Experis A.1 and A.3 above. Agree. Base map accuracy and timeliness is critical to the Office's fulfilling its duties and responsibilities including: locating, identifying, inventorying, and appraising land. Accordingly, the Office seeks to have more authority and responsibility for digital mapping practices and intends to continue to engage in discussions to this end, including with the Planning Department, which currently creates and maintains the base maps. Agree. The Office has been engaged with other entities involved with PILOT agreements to develop a plan for their administration. It is awaiting an anticipated proposal which should include a schedule	Closed - No Longer Applicable	The Office seeks to amend its approach to ensure that the base maps meet its needs so that it can fulfill its duties and responsibilities from having more authority and responsibility for digital mapping to having stakeholder input and internally reviewing and auditing the maps for accuracy. Accordingly, the Office intends to work with the Mapping Department to review its processes and procedures of the Mapping Departments work to ensure that they produce maps and map amendments that meet the Office's requirements. In addition, the Office will review its internal audit procedures. The intent being that agreed upon standards and an internal audit program will be reduced to writing by 08/01/16. Accordingly, the revised implementation date is 08/01/16.	5/1/2017

Audit Recommendations Closed In 2017 Due to Management Acceptance of Risk or No Longer Applicable
As of February 13, 2018

Project Name	Actual Issue Date	Recommendation Title	Recommendation	Response	Recommendation State	Last Status Update	Close Date
MNPS Performance Audit	2/10/2015	Chapter 7 Alternative Sourcing Recommendation	If labor cost reductions are not achieved by the end of 2016-2017, the School System should proceed with an outsource request for proposal process.	Partially Accept. Labor cost comparisons show that while salary scales for Nutrition Services are comparable to other school systems, Metro General Government benefits have better employee options at slightly more cost than comparable school nutrition operations. Various configurations can be used to achieve successful operation of school nutrition programs in a school district. Shared services and outsourcing are among them. MNPS Nutrition Services has had a solid history of being regulatory compliant and fiscally responsible while serving a large population of students. Varying philosophies abound surrounding what a successful program looks like, the role of school nutrition programs in education, as well as the role of MNPS being an employer in the city. These, along with revenues and operating costs, are considered in determining desired program strategies and outcomes when making business and operating decisions. Currently, MNPS Nutrition Services chooses to maintain business operations in-house while always seeking revenue opportunities and cost efficiencies. The performance report's summary of recommendations will further aid the department in planning and building	Closed - Mgt Accepts Risk	The end of the period in the audit recommendation has not occurred. achieved by the end of 2016-2017,	2/22/2017

[Page Intentionally Left Blank]

Office of Internal Audit Budget versus Actual
GSD General Fund as of February 8, 2018
FY 2018 Approved Budget

		FY 2018			Notes
		Budget	Actual	Difference	
Total Salaries & Fringe		\$ 1,116,300	\$ 613,912	\$ 502,388	
Other Expenses					
Professional & Purchased Services		248,000	19,001	228,999	
Building Rent Parkway Towers		55,500	32,062	23,438	\$4,580 per month
Other Expenses		71,900	28,480	43,420	
Internal Service Fees		54,000	54,000	-	Information Technology
TOTAL EXPENSES		\$ 1,545,700	\$ 747,455	\$ 798,245	48 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 GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

February 13, 2018

Members of the Metropolitan Nashville Council
Metropolitan Government of Nashville and Davidson County
Metro Courthouse
Nashville, Tennessee 37201

Annual Report to Council

The Metropolitan Nashville Audit Committee is presenting its annual report to the Metropolitan Council highlighting some of the audit work completed between February 2017 and January 2018 as well the implementation status of previously completed internal audit projects.

For this period, the Metropolitan Nashville Audit Committee was comprised of Vice Mayor David Briley, Council Members John Cooper, and Bob Mendes, Metropolitan Nashville Government Director of Finance Talia Lomax-O'dneal, Brackney Reed, who represents the Chamber of Commerce and Charles Frasier, who represents the Nashville Chapter of the Tennessee Society of CPAs.

In April 2017, one of the highlights for the year was the legislation passed by the Metropolitan Nashville Council for the Metropolitan Nashville Office of Internal Audit that clarifies the Office's access to records and personnel, defines the scope of services, and establishes authority for the Office to investigate fraud, waste, and abuse hotline matters.

Please feel free to contact any Metropolitan Nashville Audit Committee member about the contents of this report or about any audit matter.

Crosslin PLLC External Audit

The Metropolitan Nashville Audit Committee reviewed and accepted the Metropolitan Government of Nashville and Davidson County Comprehensive Annual Financial Report for the year ended June 30, 2017, without any exceptions noted.

Office of Internal Audit Projects Completed

The Office of Internal Audit issued 16 audit reports providing 160 recommendations for improving Metropolitan Nashville Government processes during this period. A summary of the audit reports begins on page seven of the enclosed report. All of these reports, along with other reports issued in previous years, can be found at the Office of Internal Audit's website at <http://www.nashville.gov/internal-audit>.

Office of Internal Audit Accomplishments

- Conducted 16 audits that included 160 recommendations for improvement were identified with a 99 percent acceptance rate.
- Accommodated Metropolitan Nashville Council and management requests pertaining to:
 - Autumn Hills Assisted Living Contracts
 - Assessor of Property
 - Metro Water Services Payroll Process
 - Short Term Rental Permitting Process
 - General Sessions Treatment Court Fiscal Matters and Case Management
 - Human Relations Commission
 - Health Department Finance and Administration Bureau
 - Hotel Occupancy Tax
- Selected 6 hotels representing \$2.0 million in hotel occupancy taxes for audit. Determined from revenue and room night data that over \$17 thousand had been underpaid and was referred to the Metropolitan Treasurer for collection.
- Completed 4 requests for investigation of fraud, waste, and abuse issues.
- Processed 5 duplicate payment reports on behalf of the Metropolitan Nashville Government Department of Finance.

Summary of Office of Internal Audit Recommendations Implementation Status Audits Issued Between April 2007 and January 2018

Audit entities were asked to provide implementation status for accepted audit recommendations for 160 reports issued since March 2007. Out of the 1,364 accepted recommendations, 1,138 (83 percent) were reported as implemented.

I hope you find this report informative and that you will contact us with any questions or issues related to external or internal audit efforts within the Metropolitan Nashville Government.

Sincerely,

Brackney Reed

Enclosure

cc: Mayor Megan Barry
Members of Metropolitan Nashville Audit Committee
Mark Swann, Metropolitan Auditor

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
2018 MEETING PLAN**

Meeting Date	Proposed Agenda Topics
February 13, 2018 (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 • Open Audit Recommendations Status
April 10, 2018 (Tuesday)	<ul style="list-style-type: none"> • Election of Chairman and Vice Chairman • External Audit Single Audit and Management Letter presentation • Information Security Program Update • Internal Audit issued report discussion
June 26, 2018 (Tuesday)	<ul style="list-style-type: none"> • FY2018 External Audit plan and required communications • Internal Audit issued report discussion • Metropolitan Auditor performance review
September 11, 2018 (Tuesday)	<ul style="list-style-type: none"> • Metropolitan Audit Committee self-assessment • Bylaws annual review • Internal Audit issued report discussion • Open Audit Recommendations Status • External Audit Comprehensive Annual Financial Report Audit Progress Executive Session
November 27, 2018 (Tuesday)	<ul style="list-style-type: none"> • Internal Audit issued report discussion • External Audit Comprehensive Annual Financial Report Audit Progress Executive Session
December 11, 2018 (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	958	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	1,040	Draft Report
6	Hospital Authority – General Hospital Purchase to Pay Process	800	17	In-Progress
7*	Finance – Purchasing Division	800	1,546	Draft Report
8	Metropolitan Nashville Public Schools – Credit Card Purchases Review	400	532	Draft Report
9	Metro Water Services – Payroll Process	800	1,550	Completed
10	Barnes Fund for Affordable Housing	800	74	In-Progress
11	Office of Family Safety	800	484	Draft Report
12	Metropolitan Transit Authority - Revenue Collection Process	800	572	Draft Report
13	Health and Educational Facilities Board	400	350	Completed
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	385	Draft Report
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	121	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	410	Completed
26	General Sessions Treatment Court – Case Management	400	677	Completed
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	853	
	Grand Total	18,100		
	Total Budget Direct Hours In Plan Year	11,500¹	14,052²	122%
		Goal	Actual	
	Percent Direct Time to Available Time	80%	83%	
	Total Audit Reports	18	16	

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

² Actual hours reported as of January 31, 2018

[Page Intentionally Left Blank]

Metropolitan Audit Committee

Metropolitan Code of Laws Section 2.24.300
Term-varied
6 Members

	<u>Date of Appt.</u>	<u>Term Exp.</u>
Vice Mayor David Briley One Public Square, Suite 204 Nashville, TN 37201- (615) 880-3357 david.briley@nashville.gov Representing: Vice Mayor	9/1/2015	8/31/2019
Mr. John Cooper 3925 Woodlawn Drive Nashville, TN 37205- (615) 969-4444 CooperAtLarge@nashville.gov Representing: Metro Council	10/3/2017	9/30/2019
Mr. Charles C. Frasier VChm One University Park Drive Nashville, TN 37204- (615) 966-5738 charles.frasier@lipscomb.edu Representing: TSCPA, Nashville Chapter	3/21/2017	3/20/2021
Ms. Talia Lomax-O'dneal One Public Square, Suite 106 Nashville, TN 37201- (615) 862-6151 talia.lomaxodneal@nashville.gov Representing: Director of Finance	10/1/2015	
Mr. Bob Mendes One Public Square, Suite 204 Nashville, TN 37201- (615) 756-3533 bob.mendes@nashville.gov Representing: Metro Council	10/3/2017	9/30/2019
Mr. Brack Reed Chm 222 Second Avenue South #1400 Nashville, TN 37201- (615) 770-8100 brack_reed@gspnet.com Representing: Nashville Area Chamber of Commerce	2/20/2015	3/20/2019

Printed 16-Nov-17

Metropolitan Clerk's Office

**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)