

**METROPOLITAN GOVERNMENT OF  
NASHVILLE AND DAVIDSON  
COUNTY**



**METROPOLITAN NASHVILLE  
AUDIT COMMITTEE**

**WORKBOOK**

**April 16, 2019**

*"When our leaders accept the status quo, we run the risk of disaster."  
– Max H. Bazerman –*

# Executive Perspectives on Top Risks for 2019

Board members and C-suite executives view a somewhat riskier environment for business in 2019 compared to the prior two years, according to an annual survey from North Carolina State University's ERM Initiative and Protiviti. The results suggest that organizations worldwide share a number of critical concerns.

- *Shifting cultural norms and expectations of accountability*
- *Disruptive business models and "born digital" competitors amid resistance to change*
- *Innovations triggered by emerging technologies*
- *Shifting customer preferences and demographics*
- *Record lows in unemployment and tightening labor markets*
- *Cyber breaches on a massive scale*
- *Big data analytics*

Organizations have much greater concerns that their existing operations and legacy IT infrastructure may not be able to meet performance expectations as well as competitors that are "born digital."

The overall global business context is somewhat riskier in 2019 relative to the two prior years.

Other critical issues for boards and executives include succession challenges, talent retention and the regulatory environment.

## TOP 10 RISKS FOR 2019

RISK ISSUE	2019*	2018 (rank)*
 1. Existing operations meeting performance expectations, competing against "born digital" firms	6.35	5.67 (10)
 2. Succession challenges and ability to attract and retain top talent	6.34	5.88 (6)
 3. Regulatory changes and regulatory scrutiny	6.24	5.93 (4)
 4. Cyber threats	6.18	5.96 (3)
 5. Resistance to change operations	6.17	6.00 (2)
 6. Rapid speed of disruptive innovations and new technologies	6.13	6.10 (1)
 7. Privacy/identity management and information security	6.13	5.83 (7)
 8. Inability to utilize analytics and big data	6.07	5.71 (9)
 9. Organization's culture may not sufficiently encourage timely identification and escalation of risk issues	5.99	5.91 (5)
 10. Sustaining customer loyalty and retention	5.95	5.57 (12)

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

The full survey report, *Executive Perspectives on Top Risks for 2019*, may be accessed at [erm.ncsu.edu](http://erm.ncsu.edu) or [protiviti.com/toprisks](http://protiviti.com/toprisks). It includes detailed breakdowns of the results by respondent role, organization size, industry, geography 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.

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Face the Future with Confidence

**NC STATE** Poole College of Management  
Enterprise Risk Management Initiative



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**METROPOLITAN NASHVILLE**  
**METROPOLITAN AUDIT COMMITTEE MEETING AGENDA**  
**April 16, 2019 2:30 p.m.**  
**Special Called**

**Committee Room 2**  
**205 Metropolitan Courthouse**

- I. Call Meeting to Order (Brackney Reed - Committee Chairman)
- II. Approval of Minutes for April 9, 2019 meeting (Brackney Reed – Committee Chairman)
- III. New Business
  - Discussion on the appointment of an interim acting Metropolitan Auditor to fill the vacancy of the Metropolitan Auditor position. Position vacancy beginning May 1, 2019. (Mark Swann – Metropolitan Auditor)
  - Discussion on departmental accountability for delayed implementation of audit report recommendations. (Mark Swann – Metropolitan Auditor)
- IV. Unfinished Business
  - Fraud, waste, and abuse hotline activity services update:
    - Revised Investigation Report Collier Engineering issued January 24, 2019. (Mark Swann – Metropolitan Auditor)
- V. Other Administrative Matters (Mark Swann – Metropolitan Auditor)
  - FY2019 budget status
- VI. Internal Audit Project Status (Mark Swann – Metropolitan Auditor)
  - On-going projects
  - Recommendation implementation follow-up status
- VII. Consideration of Items for Future Meetings (Brackney Reed - Committee Chairman)
- VIII. Adjournment of Public Meeting – Next Meeting Tuesday, June 25, 2019.
- IX. Call for a motion to enter executive session (Brackney Reed - Committee Chairman)
- X. Executive Session Agenda – (Brackney Reed - Committee Chairman)
  - If needed, discussion of pending or ongoing audits or investigations. (Mark Swann – Metropolitan Auditor)

**METROPOLITAN NASHVILLE**  
**METROPOLITAN AUDIT COMMITTEE MEETING AGENDA**  
**April 16, 2019 2:30 p.m.**  
**Special Called**

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

- Items deemed not subject to public inspection under T.C.A. §§ 10-7-503<sup>2</sup> and 10-7-504<sup>3</sup> and all other matters designated as confidential or privileged under this code;
- Current or pending litigation and pending legal controversies;
- Pending or ongoing audits or audit related investigations;
- Information protected by federal law; and
- Matters involving information under T.C.A. § 9-3-406<sup>4</sup> where the informant has requested anonymity.



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

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

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

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

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



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**METROPOLITAN NASHVILLE AUDIT COMMITTEE  
MEETING MINUTES  
DRAFT**

**April 9, 2019**

On Tuesday, April 9, 2019, at 4:00 p.m., the Metropolitan Nashville Audit Committee met in the Metropolitan Courthouse, 2<sup>nd</sup> Floor, Committee Room 2. The following people attended the meeting:

Committee Members

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

Others

Mark Swann, Metropolitan Auditor  
Theresa Costonis, Department of Law  
Shannon Hall, Human Resources  
Wanda Hadley, Human Resources  
Jason Lusk, Human Resources  
Stephen Cain, Human Resources  
Dawn Clark, Information Technology Services  
Karen Johnson, Register of Deeds  
Tom Sealy, Register of Deeds  
Dell Crosslin, Crosslin  
John Crosslin, Crosslin  
Jennifer Manternach, Crosslin  
Phil Carr, Chief Accountant  
Lauren Riley, Principal Internal Auditor

*Quorum present? Yes*

**CALL MEETING TO ORDER**

Mr. Reed called the meeting to order.

**APPROVAL OF MINUTES**

A **motion** was made to approve the March 12, 2019, meeting minutes as presented in the Metropolitan Nashville Audit Committee Workbook for April 9, 2019, was seconded, and carried.

**NEW BUSINESS**

Discussion on next steps to fill vacancy of the Metropolitan Auditor position.

Mr. Swann stated two appointments must be made: (1) Interim Metropolitan Auditor to fill the remaining term, and (2) an interim appointment to assume the position until it is filled through the full recruitment process. Mr. Reed stated the candidate appointed through the full recruitment process will serve the remaining term of the leaving Metropolitan Auditor, which is three years.

Ms. Costonis read the required appointment steps and qualifications of the Metropolitan Auditor. Ms. Hall explained how the recruitment process has worked for recent executive positions. Ms. Hadley explained the timeline and steps within the recruitment process. Ms. Hadley provided the job description for the position. A discussion was had about where the job posting will be, with which organizations, and how long it will be posted. Council Member Mendes requested the job description include the Certified Fraud Examiner certification under "Preferred Knowledge/Skills/Abilities" section.

A discussion was had about the Audit Committee's involvement in the review of applicants, number of interviews, and other discussions about candidates. The group discussed how to submit comments on candidates reviewed to assist in narrowing the list. A discussion on input related to interview questions was had. Ms. Costonis and Ms. Hall stated comments and discussions with them could be had to ensure input was received. A discussion ensued regarding number of interviews and how they are conducted. Members requested information on how much detail is provided to Metropolitan Nashville Council members before they vote.

A **motion** was made to adopt the outline provided by Human Resources as a guideline dependent upon the requested changes to the job description to include Certified Fraud Examiner, to the timeline for number of applicants at each level, and to the involvement of the Metropolitan Nashville Audit Committee, was seconded, and carried.

Ms. Costonis explained the process for naming an interim individual to fill the acting interim position that will be necessary until a candidate is named through the full recruiting process. Council Member Mendes inquired if the vacancy could be filled by using someone from the three contracts currently in place with the Office of Internal Audit. Ms. Costonis stated that the contracts could be interpreted broadly to include this service. Council Member Mendes requested that the contractors be contacted to submit recommendations. Mr. Frasier and Ms. Costonis stated there were independence concerns around using the contractors. A discussion was had on ways to avoid conflicts with the contractors. A discussion was had regarding internal candidates and their ability to apply for the vacancy.

A **motion** was made for:

- a. The Metropolitan Nashville Audit Committee Chair to direct Mr. Swann to reach out to the three contracted audit services firms as well as the Office of Internal Audit staff to submit a recommendation or volunteer as an acting interim director.
- b. Requested submissions to be received by April 15, 2019.
- c. A special meeting of the Metropolitan Nashville Audit Committee to be scheduled on April 16, 2019 at 2:30 p.m. to review and select the acting interim director.

The motion was seconded and carried.

#### Annual election of Metropolitan Audit Committee Chairman and Vice Chairman

A **motion** to name Mr. Reed the Metropolitan Audit Committee Chairman for the year was made, was seconded, and carried.

A **motion** to name Mr. Frasier the Metropolitan Audit Committee Vice Chairman for the year was made, was seconded, and carried.

#### Discussion on the audit of EEOC Form 164, State and Local Government Information (EEO-4) Reporting issued April 5, 2019.

Ms. Riley summarized the scope, observations, and recommendations of the report. Ms. Lomax-O'dneal inquired if the report was provided to Council Member Bedne since he requested the audit. Mr. Swann stated the report was provided to him and his follow up question answered.

Discussion on the interim audit of the Oracle E-Business Suite R12.2 Implementation issued April 2, 2019.

Ms. Riley summarized the scope, observations, and recommendations of the report. Council Member Cooper inquired if the implementation would also be at Metropolitan Nashville Public Schools. Ms. Clark stated the implementation does include the school system.

Discussion on the audit of the Register of Deeds issued January 24, 2019.

Mr. Swann stated the Law Department had made a determination on the possibility for the Register of Deeds to become an appropriated office. A discussion ensued around the Law Department's determination that the Register of Deeds could become an appropriated office. Ms. Johnson stated her reasons for maintaining the office on a net-of-fees basis. Mr. Frasier inquired if any cost savings analysis was performed. Ms. Johnson stated there was not an analysis. Council Member Mendes agreed that the original question regarding legality of changing the office setup was answered.

Presentation of the Metropolitan Nashville Government Fiscal Year 2018 Letter of Recommendations to Management

Mr. J. Crosslin presented the observations and recommendations contained in the Letter of Recommendations to Management. No material weaknesses or significant deficiencies were noted.

Observations discussed included timely reconciliations of bank accounts, outstanding items on reconciliations, segregation of duties on cash receipts, employment eligibility verification, tax anticipation notes, and Register of Deeds. Mr. Frasier inquired about why the Register of Deeds did not incorporate segregation of duties during the prior administration. Mr. J. Crosslin stated it was a management decision that the current Register of Deeds is correcting.

Presentation of the Metropolitan Nashville Government Fiscal Year 2018 Schedules of Expenditures of Federal and State Awards and Reports Required by the Single Audit Act as Amended and the Uniform Guidance.

Ms. Manternach explained that Crosslin reissued the 2016 and 2017 Schedules of Expenditures of Federal and State Awards and Reports Required by the Single Audit Act as Amended and the Uniform Guidance due to an error in the 2016 report. A grant was identified with an incorrect account number and clustered incorrectly. This resulted in a compliance finding. A recommendation to implement additional controls was made.

Council Member Mendes inquired about ramifications of the finding and corrective action plan. A discussion about the notification of the re-filings of the reports and the questions since then occurred. Council Member Cooper inquired about the amount of the grant. Ms. Manternach stated the grant was \$4 million and \$6 million in 2016 and 2017 respectively.

Ms. Manternach explained the reissued 2017 filing due to the error discovered in the 2016 grant. Ms. Manternach discussed the 2018 report. The presentation included the report on internal controls over financial reporting and compliance, the report on compliance with federal programs, and the schedule of state and federal expenditures included in the Single Audit.

Mr. Frasier inquired why the fraud threshold is so low and how can it be changed. Ms. Manternach explained that the threshold is set by the State of Tennessee. Council Member Mendes asked about the review and recommendations around the Mayor's Office. Mr. Reed inquired why Metropolitan Nashville Government is not a low risk auditee. Ms. Manternach stated that the going concern for the hospital caused the loss of low risk status. This going concern causes two years of not being eligible for low risk.

**Ms. Lomax-O'dneal left the meeting at 5:31pm.**

### **UNFINISHED BUSINESS**

Discussion and timeline on the four architecture and engineering vendor audits to be performed by EY and BerryDunn.

Mr. Swann gave a brief update on the services that EY and BerryDunn will provide for the four vendor audits. Council Member Cooper inquired on who will issue the final report. Mr. Swann stated BerryDunn will issue the reports for their vendors. The Metropolitan Nashville Office of Internal Audit will issue the report for the vendors assigned to EY. EY will assist the Metropolitan Nashville Office of Internal Audit in completing the audit procedures.

Metropolitan Nashville Public Schools Procurement Matters Investigation Report issued February 7, 2019.

Mr. Swann provided answers for the information requests made during the March 12, 2019, Metropolitan Nashville Audit Committee meeting. Mr. Swann covered the topics of contract spending, honorarium acceptance and policy, and the need for additional recommendations.

Council Member Mendes stated that during the meeting, the Director of Schools had stepped down. Council Member Mendes moved to accept the report as a completed project. No objections were made.

Discussion to revisit and amend the 2019 Internal Audit Work Plan.

Mr. Swann presented an amended 2019 Internal Audit Work Plan. Mr. Swann explained the amended plan included four additional audits to supplement the decrease in hours related to architecture and engineering vendor audits. Council Member Cooper requested the amended plan include the audit of the "Metro General Government Infrastructure Participation Agreements Process," which was listed as another potential audit engagement.

A **motion** was made to accept the amended 2019 Internal Audit Work Plan with the addition of "Metro General Government Infrastructure Participation Agreement Process," was seconded, and carried.

A **motion** was made to adjourn, was seconded, and carried.

The next meeting is to be scheduled for April 16, 2019, at 2:30 p.m.

The public meeting adjourned after approximately 1 hour and 41 minutes.

The minutes for the April 9, 2019, Metropolitan Nashville Audit Committee meeting are respectfully submitted.

Mark Swann  
Secretary, Metropolitan Nashville Audit Committee



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Mark S. Swann  
Metropolitan Auditor



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

## METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

March 27, 2019

Mr. Brackney Reed  
Chairman  
Metropolitan Nashville Audit Committee  
222 Second Avenue South #1400  
Nashville, Tennessee 37201

Chairman Reed and Metropolitan Nashville Audit Committee Members:

### **NOTICE OF RESIGNATION OF METROPOLITAN AUDITOR POSITION**

I have spent weeks in prayer asking where Melinda and I could best serve Him for the next few years with continued employment and service. This week I have been bountifully blessed with an opportunity to serve as the City Auditor for the City of Dallas, Texas. This is an exciting opportunity to have a positive impact on the Dallas community and to return to Texas to be closer to our children and grandsons.

As such, I hereby tender my resignation as Metropolitan Auditor effective April 30, 2019. My last date of work in the office will be April 18, 2019, with the remaining days taken as vacation through April 30, 2019.

I have mixed feelings while accepting this new assignment. This is because of the many friends and staff that I will be leaving behind and future goals unmet. I will always be grateful for the opportunity to serve the initial and second term, as Metropolitan Auditor for the Metropolitan Nashville Government. I am humbled by the confidence and responsibility entrusted in me to direct the important task of independent audit assurance services for the Metropolitan Nashville Government.

Best wishes and keep up the good work.

Sincerely,

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

Mark S. Swann

cc: Metropolitan Nashville Office of Internal Audit Staff





2.24.300 - Division of metropolitan audit.

- A. There shall be, as an independent agency of the metropolitan government, a division of metropolitan audit, the director of which is designated as the metropolitan auditor. The metropolitan auditor shall be a person:
  - 1. With a well founded reputation in government or public finance and the audit function as may be exhibited by a record of exceptional performance for at least five years as a financial officer of a government or business;
  - 2. Who has, through education and experience as an accountant, auditor, CFO, controller or principal accounting officer of a governmental entity or private business an understanding of Generally Accepted Accounting Principles, Governmental Auditing Standards Board standards, financial statements, internal controls and procedures for financial reporting, and the audit functions of a governmental entity.
- B. The metropolitan auditor shall be appointed by a majority vote of the council from a list of three persons recommended by the audit committee whom the audit committee deems best qualified and available to fill the position. If the council deems that the persons recommended by the audit committee to serve as metropolitan auditor are not suitable and/or qualified, the council shall reject the names submitted and the audit committee shall recommend three additional persons deemed qualified and available to fill the position. The metropolitan auditor shall serve a term of eight years but shall be subject to removal for cause during the term by a vote of four members of the audit committee. The first term of the metropolitan auditor will end on June 30, 2014, regardless of whether the full eight years has been served. A vacancy occurring during a term shall be filled temporarily with a qualified acting metropolitan auditor by the majority vote of the audit committee. The filling of the vacancy for the remainder of a term and for any new term shall be filled by a majority vote of the council through the process provided in this section. The compensation for the metropolitan auditor shall be established as part of the general pay plan provided by Section 12.10 of the Metropolitan Charter.
- C. The metropolitan auditor shall conduct, or cause to be conducted financial, performance and other audit services following Government Auditing Standards established by the United States Government Accountability Office, and the metropolitan auditor shall follow the independent and other professional standards established and published under Government Auditing Standards.
- D. The metropolitan auditor shall appoint and remove, subject to the civil service provisions of article 12 of this Charter, all officers and employees of the division.
- E. There shall be a metropolitan audit committee which shall be composed of six members, as follows: The vice-mayor and the director of finance shall be members by virtue of their official positions. Two members of the metropolitan county council shall be selected by that body from its membership to serve a two-year term. One member shall be selected by the Nashville Area Chamber of Commerce to serve a four-year term. One member shall be selected by the Nashville Chapter of the Tennessee Society of Certified Public Accountants to serve a four-year term except that the member first selected shall serve a two year term. Members shall be eligible to succeed themselves. The General Provisions of Article 11, Chapter 1, of this Charter shall be applicable to the audit committee unless otherwise specified in this section.
- F. The audit committee will oversee the annual audit plan, fix the compensation of the metropolitan auditor, and review and evaluate at least annually the performance of the metropolitan auditor.
- G. All audit reports issued by the metropolitan auditor are public documents and shall at all times, during business hours, be open for personal inspection by any citizen of Tennessee.

(Ord. BL2007-1318 § 2, 2007)

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 TCA 9-3-406 and TCA 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 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.

April 12, 2019

Metropolitan Nashville Audit Committee  
Mr. Brack Reed, Audit Committee Chairman

Dear Mr. Reed:

Thank you for the opportunity for KraftCPAs to provide a nomination for the position of temporary acting Metropolitan Auditor for the Metropolitan Nashville Government. We are pleased to submit our nomination for this role.

### **KRAFTCPAs BACKGROUND RELATED TO THIS ROLE**

KraftCPAs manages and directs over 25,000 hours of internal audit work annually. Our team includes multiple highly experienced internal audit managers who have all served as internal auditors in corporate and government environments. Therefore, we are well-versed in Generally Accepted Accounting Principles and Government Auditing Standards (GAS). In addition to the Institute of Internal Auditor's International Professional Practices Framework (Internal Audit Standards), we follow GAS for several engagements, including a fully outsourced internal audit client of over 6,000 hours per year where we act as the Director of Internal Audit.

### **KRAFTCPAs PROPOSED APPROACH TO THIS ROLE**

We will invest our time and resources to understand the current audit plan and status of audits in process. We will also work with the Metropolitan Nashville Internal Audit team to understand their roles and needs during this interim timeframe. And, we will be available to manage, assist, and answer any questions the team may have.

Based on the job description and the temporary nature of this position, we would presume the primary responsibilities of this role would include, but may not be limited to, the following:

- Being aware of current audits, investigations, and projects in process as well as the on-going audit plan to ensure any expected audits, investigations, or projects are started in the timeframe covered.
- Understanding timeframes for completion of work assigned and monitoring Internal Audit team members to ensure their assignments are on track.
- Managing and assigning any new investigations or audit projects that are identified during the timeframe covered.
- Managing the development and completion of reports for current and future audits, investigation, and projects during the timeframe covered.
- Presenting any completed reports to the Audit Committee as meetings occur during the timeframe covered.
- Attending to any day-to-day needs of the Internal Audit team or auditees

Metropolitan Nashville Audit Committee  
April 12, 2019  
Page 2

In order to address these responsibilities, we propose a coordinated effort from two of our most experienced team members, Scott Nalley, Senior Manager, and Gina Pruitt, Member. Scott and I would work closely and cohesively to meet the responsibilities of this role. Because we are both experienced Directors of Internal Audit and we have completed a special audit project for the Metropolitan Nashville Internal Audit department and presented the report to the Audit Committee, we are familiar with the process. We would work closely with key members of the Metropolitan Nashville Internal Audit team to ensure the temporary assignment works smoothly during the search for a new Metropolitan Nashville Auditor. We will be available to begin this role on April 19, 2019.

The resumes of our proposed Managers for this role are enclosed with this letter in **Appendix A**.

## **BILLING CLASSIFICATION AND EXPENSES**

Based on requested procedures, we are willing to perform these services at the rate noted in our billing classification table for a Senior Manager providing General Assurance services, which is \$235 per hour. Because we are local, we estimate there will be no expenses other than minimal mileage.

\*\*\*\*\*

We hope you'll agree, after reviewing our proposal, that KraftCPAs is the firm best suited to meet your needs. Please feel free to contact me at 615-782-4207 or [gpruitt@kraftcpas.com](mailto:gpruitt@kraftcpas.com) if you have any questions or need additional information.

Sincerely,

Gina Pruitt, CPA|CITP, CISA, CRISC, CHFP, CCSFP, CGMA  
Member-in-Charge  
Risk Assurance & Advisory Services

# Resumes

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**GINA PRUITT**  
**MEMBER-IN-CHARGE,**  
**RISK ASSURANCE &**  
**ADVISORY SERVICES**

Gina B. Pruitt, the member-in-charge of risk assurance & advisory services with KraftCPAs, has more than 30 years of experience. Gina's career started with the Tennessee Comptroller of the Treasury, State Department of Audit. She led financial and IT audits of various departments. Gina was also the sole auditor responsible for developing testing scenarios for the State of Tennessee Accounting and Reporting System (STAR).

Gina oversees procedures related to internal audit and has extensive experience performing risk assessments, setting up internal audit departments and managing all aspects of internal audit, specializing in IT audits and integrated audits. In addition to public accounting, she has been an IT internal auditor in both government and private industry. She presents to audit committees on a regular basis and is the partner responsible for the firm's internal audit Practice, including the fully outsourced integrated IT and internal audit engagement for Nashville Electric Service.

Gina spent 10 years in Big 4 public accounting as the partner in charge of the Nashville practice of enterprise risk services (ERS) with Deloitte & Touche. She was the southeast regional director for internal audit services. In this role, Gina was the director of internal audit for several engagements, including a \$1 billion public retail organization. She was responsible for performing the annual internal audit risk assessment, developing the annual internal audit plan, and developing and presenting audit reports to the audit committee and board of directors. Annual audits consisted of financial, operational, IT and fully-integrated audits. In addition, while with Deloitte, she managed the IT audit of the largest county government in the State of Tennessee, as well as for NES. In addition, Gina managed approximately 200 employees and more than 100 clients as part of various procedures for all internal audit clients in the southeast region of Deloitte.

### **Certifications**

Certified Public Accountant (CPA)  
Certified Information Technology Professional (CITP)  
Certified Information Systems Auditor (CISA)  
Certified in Information Systems Risk and Control (CRISC)  
Certified Healthcare Financial Professional (CHFP)  
Certified HIPAA Compliance Officer (CHCO)  
Certified Quality Analyst (CQA)  
Certified Electronic Medical Biller (CEMB)  
Chartered Global Management Accountant (CGMA)  
HITRUST Certified CSF Practitioner (CCSFP)  
AICPA Advanced SOC Practitioner Certificate  
AICPA SOC for Cybersecurity Certificate

### **Professional & Community Service**

American Institute of Certified Public Accountants, Member  
AICPA Board of Examiners (BOE) (2013 – 2016); AICPA National  
SOC Peer Reviewer; AICPA National SOC Task Force; AICPA  
National Information Management and Technology Assurance  
(IMTA), Executive Committee  
The Institute of Internal Auditors (IIA), Member & Board of  
Governors; Academic Relations Committee; Nominating  
Committee  
ISACA, Founding Charter Member and Past President  
Tennessee Society of Certified Public Accountants (TSCPA), Member  
TSCPA Cyber Security Task Force; TSCPA Financial Institutions  
Committee (2014 – 2016); TSCPA Council  
Leadership Health Care, Member  
Healthcare Financial Management Association (HFMA), Member  
Nashville Technology Council (NTC), Member; Board of Directors  
InfraGard Middle Tennessee, Board of Directors  
Tennessee Performing Arts Center (TPAC), Technology Committee  
Williamson County Habitat for Humanity, Women Build Committee  
(2011 – 2014)  
Tennessee Bankers Association (TBA), Strategic Technology  
Conference Committee; IT Forum Sponsor (2011 – present)  
Leadership Brentwood (Class of 2013)  
Tennessee Technological University, Accounting Advisory Board  
(2015 – 2018)  
University of Tennessee, Accounting & Information Management  
Advisory Board (2018 – present)

### **Professional Accomplishments**

NBJ, Power Leader in Accounting and Finance (2015 & 2017)  
NBJ, Women of Influence, Company Manager category (2014)  
*Nashville Medical News*, InCharge Health Care (2019)

### **Education**

B.S., Accounting, Minor in Information Systems, Tennessee  
Technological University  
Minimum of 40 hours of continuing professional education annually,  
including at least 24 hours of not-for-profit/governmental (Yellow  
Book-qualified) CPE every two years





**SCOTT NALLEY**  
SENIOR MANAGER,  
RISK ASSURANCE &  
ADVISORY SERVICES

Scott Nalley is a senior manager in the risk assurance & advisory services practice at KraftCPAs. With more than 15 years of experience in public accounting and the private sector, Scott manages internal audit projects in various industries.

In his role at KraftCPAs, Scott serves as the director of internal audit for a 6,100-hour fully outsourced integrated internal audit engagement for the twelfth largest public utility in the country. He also manages a 2,000-hour fully outsourced internal audit engagement for a private manufacturing company. He is responsible for managing and oversight of audits, performing workpaper reviews, reviewing reports, presenting to audit committees, and managing various special projects including fraud investigations.

Prior to joining the risk assurance & advisory services practice at KraftCPAs, his experience included external audits for not-for-profit/governmental entities, dealerships, and manufacturing/distribution companies, as well as employee benefit plans. In the private sector, Scott worked as an internal auditor for Vanderbilt University for six years, serving as the project manager for the design and implementation of an ERM software package.

#### **CERTIFICATIONS**

Certified Public Accountant (CPA)  
Certified Internal Auditor (CIA)  
HITRUST Certified CSF Practitioner (CCSFP)  
Certified Information Systems Auditor (CISA)  
AICPA Advanced SOC Practitioner Certificate  
AICPA SOC for Cybersecurity Certificate  
Certified HIPAA Compliance Officer (CHCO)

#### **PROFESSIONAL AND COMMUNITY SERVICE**

American Institute of Certified Public Accountants (AICPA), Member  
Tennessee Society of Certified Public Accountants (TSCPA), Member  
The Institute of Internal Auditors (IIA), Member, Academic Relations Committee  
ISACA, Member  
Leadership Health Care, Member  
Rebuilding Together Nashville, Past Board President and Treasurer

#### **EDUCATION**

B.B.A., Accounting, University of Memphis  
Minimum of 40 hours of continuing professional education annually, including at least 24 hours of not-for-profit/governmental (Yellow Book qualified) CPE every two years

## LAUREN RILEY, CPA

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Nashville, TN || (731) 217-6451 || lriley1009@gmail.com

April 14, 2019

Metropolitan Nashville Audit Committee  
1 Public Square  
Nashville, TN 37201

Dear Chairman and Members of the Metropolitan Nashville Audit Committee:

I am formally applying for the position of acting Interim Metropolitan Auditor. I believe I possess the technical skills, experiences, and leadership ability to lead our department during the search for a permanent replacement.

As my attached resume details, I have attained the technical credentials necessary for this role:

- Master of Accountancy from the University of Alabama
- Certified Public Accountant in Tennessee, Alabama, and North Carolina
- Certified Internal Auditor
- Currently completing the Certified Municipal Finance Officer

I have a broad cross-section of audit experiences and exposures:

- Government internal auditing at both a state and local level.
- Regulated utilities while in public accounting at Deloitte & Touche, LLP.
- Music industry contractual and internal auditing at Broadcast Music Inc.
- Investigations within higher education and government entities.
- Data analytics to audit full populations and set up automated monitoring.

In every role, I managed both teams of staff and projects to meet deadlines and management objectives.

I am confident that my skills, breadth of knowledge, and experiences make me qualified to lead this department during this time of transition. I welcome the challenge as well as look forward to supporting the permanent candidate that the Metropolitan Nashville Audit Committee selects to lead the Office of Internal Audit.

Thank you for your consideration,

Lauren Riley

# Lauren Riley, CPA

lriley1009@gmail.com | 731.217.6451 | Nashville, TN

## AREAS OF STRENGTH

Data analytics	Governmental auditing	Staff supervision/teaching
Fraud investigations	ACL scripting	Time management
Financial statement analysis	Risk assessments	Process reviews
Internal controls evaluation	Contract/Grant Audit	Client communication

## PROFESSIONAL EXPERIENCE

### METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

*Principal Auditor, Office of Internal Audit*

January 2019 – Current

- Manage seven internal audit staff members on audits spanning a broad spectrum of departments.
- Oversee work of external contractors on services provided to the Office of Internal Audit.
- Collaborate with staff and clients to ensure audit recommendations are relevant, mitigate risk, and add value.
- Support the Metropolitan Auditor in administrative functions including Audit Committee preparation and support.
- Review audit workpapers to ensure compliance with Government Auditing Standards.

### TENNESSEE DEPARTMENT OF TREASURY

June 2018 – December 2018

*ACL Auditor, Internal Audit*

- Conducted internal audits of Treasury functions to determine control and process deficiencies.
- Performed investigation of suspected fraud and misconduct spanning multiple years and several thousands of stolen dollars.
- Created complex ACL analyses to evaluate full populations of data and identify key areas of risk.
- Designed and automated ACL scripts to perform continuous monitoring of audited areas.
- Uncovered opportunities for data improvements and presented findings to key personnel.

### DUKE UNIVERSITY & DUKE UNIVERSITY HEALTH SYSTEM,

Sept 2016 – June 2018

*Analytics & Advisory Services Manager, Office of Audit, Risk & Compliance*

- Planned, conducted, and managed special analytics projects for University, Health System, Privacy, and Compliance teams.
- Analyzed large sets of data to create client dashboards using Tableau.
- Determined client needs and best approach based on discussions with users at all levels.
- Presented findings and recommendations based on high level trend and analytical analysis.
- Managed Health System team audits including complex analytics or processes.

*Principal Auditor, Office of Audit, Risk & Compliance*

June 2015 – August 2016

- Responsible for planning and conducting process audits in an ever-changing environment.
- Performed process reviews of internal controls and developed recommendations surrounding inefficiencies.
- Led audit outcomes and findings discussions with various management levels.
- Analyzed and interpreted data within SAP to gain a higher understanding of audit implications and recommendations.

### METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

*Senior Auditor, Office of Internal Audit*

February 2013 – May 2015

- Responsible for planning, conducting, supervising, and reviewing Government Auditing Standards (Yellow Book) based internal audits.
- Effectively taught new staff members auditing techniques and the standards behind them.
- Audited compliance with federal and private grants across departments.
- Utilized ACL to analyze data for possible fraud or errors.
- Effectively communicated the importance of internal controls to government employees of various backgrounds.

# Lauren Riley, CPA

lriley1009@gmail.com | 731.217.6451 | Nashville, TN

- Researched and navigated applicable federal, state, and local legislation to ensure compliance at all levels.
- Performed hotel occupancy tax audits to ensure proper supporting documentation of local taxes remitted.

## **BROADCAST MUSIC, INC.**

April 2010 – February 2013

*Senior Analyst, Business Control Solutions*

- Responsible for performing external audits of music licensees and reporting results to management.
- Performed process reviews of internal controls and developed recommendations surrounding inefficiencies.
- Aided in implementation and user testing of employee management software and policy software.
- Developed complex ACL scripts to efficiently perform audit tasks.

## **DELOITTE & TOUCHE, LLP, Birmingham, AL**

October 2006 – April 2010

*Senior External Auditor*

- Responsible for planning, conducting, supervising, and reviewing audit engagements for both public and private clients.
- Actively involved in the audits and reviews of SEC registrants' Form 10-K/10-Q filings.
- Prepared annual account projections and budgets and monitored firm/team performance throughout year.
- Effectively managed multiple engagements and delivered results within time-sensitive deadlines.
- Significant experience with Sarbanes-Oxley implementation, compliance, and reporting.
- Demonstrated a comprehensive understanding of clients' business and industry.
- Analyzed large scope financial operations through the assessment of engagement risk and the performance of analytical reviews of clients' quarterly and annual financial statements.

## **DELOITTE & TOUCHE, LLP, Birmingham, AL**

January 2005 – May 2005

*Audit and Tax Intern*

## **EDUCATION**

<b>Master of Accounting</b>	UNIVERSITY OF ALABAMA, TUSCALOOSA	<b>2006</b>
<b>Bachelor of Accounting</b>	MISSISSIPPI STATE UNIVERSITY	<b>2004</b>

## **CERTIFICATIONS**

**Certified Public Accountant (CPA)**, *Alabama, Tennessee, North Carolina*

**Certified Internal Auditor (CIA)**

**ACL Certified Data Analyst (ACDA)**

**Certified Municipal Officer (CMFO)**, *estimated completion Fall 2019*

## **COMPUTER PROFICIENCIES:**

- **Tableau**
- **IDEA**
- **SAP**
- **AutoAudit**
- **Audit Command Language (ACL)**
- **Microsoft Office Products**
- **TeamMate**
- **Business Objects**



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**Date:** October 26, 2018 (Revised March 8, 2019)  
**To:** Mark Swann, Metropolitan Auditor  
**From:** Seth Hatfield, Investigator  
**Subject:** Collier Engineering, Inc. Investigation

### **Source of Allegation**

The Mayor's Office received a complaint from an anonymous source. The complainant asserted that a vendor, Collier Engineering, Inc. had improperly entertained various officials within the Metropolitan Nashville Government. These Metropolitan Nashville Government officials were responsible for directing business to Collier Engineering, Inc. Several other complaints were also made related to Collier Engineering, Inc.'s working relationship with the Metropolitan Nashville Government. The complainant included documentation to support their assertions. On May 7, 2018, Mayor David Briley submitted a formal request for the Office of Internal Audit to conduct an independent investigation related to these allegations.

### **Investigators Assigned**

Seth Hatfield, CPA, CIA, CFE  
Laura Henry, CFE  
Bill Walker, CPA, CIA, CFE (Quality Assurance)

*This is an internal investigation report and should not be considered an audit report. Generally accepted government auditing standards were not used in the preparation of this report.*

We conduct investigations and create reports using the Standards of the Association of Certified Fraud Examiners as a guide.

### **Purpose of Investigation**

The Metropolitan Nashville Office of Internal Audit conducts internal investigations of potential violation of governance policies established for the Metropolitan Nashville Government or investigations of potential fraud, waste, and abuse. Investigation requests are received from the management of the Metropolitan Nashville Government or tips received from the Metropolitan Nashville Government fraud, waste, and abuse hotline.

Any findings or observations of potential fraud and other criminal acts would be referred to the 20th Judicial District Attorney Office, Metropolitan Nashville Police Department, or other appropriate agency. Any findings related to employee misconduct, waste, abuse; as well as process inefficiencies and

- G. Terri Troup, Senior Procurement Officer, has a conflict of interest as she is a former employee of both Collier Engineering, Inc. and Public Works and is processing contract amendments for Collier Engineering, Inc.

#### Emergent Allegation

- H. Collier Engineering, Inc. made mistakes on Metropolitan Nashville Public School sidewalk projects that resulted in repair costs being absorbed by the Metropolitan Nashville Government.

#### **Summary and Outcome of Investigation**

- A. After a thorough review of the matters related to Collier Engineering, Inc. and various Metropolitan Nashville Government employees, it was determined that Metropolitan Nashville Government employees Donald Reid, Phillip Jones, Charles Boddie, Thomas Jones, Richard Taylor, and Ricky Swift were entertained in the Collier Engineering, Inc. suite at Bridgestone Arena. Collier Engineering, Inc. also indicated that Metropolitan Nashville Government employees Grant Anderson and Lindsay Taylor were entertained in their suite. No evidence showed that Collier Engineering, Inc. received a benefit from any of this entertainment.

The allegation that there is an **appearance** of preferential treatment being given to Collier Engineering, Inc. by Metropolitan Nashville Government employees in exchange for entertainment and gifts is **substantiated**.

The allegation that there is preferential treatment being given to Collier Engineering, Inc. by Metropolitan Nashville Government employees in exchange for entertainment and gifts is **unsubstantiated** because there is no evidence Collier Engineering, Inc. received a benefit in exchange for the entertainment.

- B. The allegation that projects are being given to Collier Engineering, Inc. outside the scope of current contracts and when vendors are on contract for the same services is **substantiated**.
- C. The allegation that Collier Engineering, Inc. is submitting invoices with little supporting documentation, invoices are only being reviewed by Donald Reid, and employees who question the invoices are being taken out of the review process is **unsubstantiated** because invoices were found to have sufficient documentation, controls around billing at Collier Engineering, Inc. were reviewed by an independent certified public accounting firm with no issues noted, and no evidence could be obtained to show that Donald Reid was removing employees from the review process within Public Works.
- D. The allegation that only inspectors that are on good terms with Donald Reid are allowed to inspect paving projects for Public Works is **unsubstantiated** because no evidence could be obtained that Donald Reid is selecting which inspectors are assigned by Collier Engineering, Inc. to Public Works paving projects.
- E. The allegation that Public Works required Google Fiber to work with Collier Engineering, Inc. in order to expedite permitting is **unsubstantiated** because no evidence was obtained that Public Works made it a requirement for Google Fiber to work with Collier Engineering, Inc. and no work was completed for Google Fiber by Collier Engineering, Inc.



- F. The allegation that Collier Engineering, Inc. is billing time for Marty Szeigis and Benny Word as project management, but they are not managing projects was **unsubstantiated** because work performed by Benny Word and Marty Szeigis can be classified as project management.
- G. The allegation that Terri Troup, Senior Procurement Officer, has a conflict of interest as she is a former employee of both Collier Engineering, Inc. and Public Works and is processing contract amendments for Collier Engineering, Inc. is **unsubstantiated** because prior employment with a contractor is not specified in the Metro Code of Law as a conflict of interest, and Terri Troup did not approve any of the purchase orders or contract amendments included with the allegations.

Emergent Allegation

- H. The allegation that Collier Engineering, Inc. made mistakes on Metropolitan Nashville Public School sidewalk projects that resulted in repair costs being absorbed by the Metropolitan Nashville Government is **unsubstantiated**. Although mistakes related to Americans with Disabilities standards were made by Collier Engineering, Inc., the square footage of rework represents a small percentage of the total installed square footage of sidewalks at Metropolitan Nashville Public Schools. Both Public Works and Collier Engineering, Inc. have agreed that Collier Engineering, Inc. will cover the costs of the rework.

**Recommendations**

- 1) The Metropolitan Nashville Governments' Director of Public Works, Director of Metro Water Services, and Director of Parks and Recreations should take appropriate administrative action to cure the appearance of preferential treatment being given to contractors. Administrative action should include reassigning involved personnel tasks so as they are not participating in Collier Engineering, Inc. related matters.
- 2) The Metropolitan Nashville Governments' Director of Public Works, Director of Metro Water Services, and Director of Parks and Recreations should provide training for employees on Metro Code of Law Sections 4.48.030 and 4.48.050 regarding ethics in public contracting and Metro Code of Law Section 2.222.020 general standards of ethical conduct, and conflict of interest.
- 3) Management of the Metropolitan Nashville Government Public Works Department should ensure that credit for all reworks for Metropolitan Nashville Public School Sidewalk Projects are received by Collier Engineering, Inc.
- 4) We concur with the Metropolitan Nashville Government Chief Compliance Officer's March 1, 2019, directive that the scope of work for current and future purchase orders released against contract 363266 should be limited to services related to the Department of Public Works Paving Program.

## APPENDIX A – MANAGEMENT RESPONSES AND CORRECTIVE ACTION PLANS

Recommendation	Concurrence and Corrective Action Plan	Proposed Completion Date
<i>Recommendation for management of Public Works to:</i>		
<p><b>A.1</b> Take appropriate administrative action to cure the appearance of preferential treatment being given to contractors. Administrative action should include reassigning involved personnel tasks so as they are not participating in Collier Engineering, Inc. related matters.</p>	<p><b>Reject Due to:</b></p> <ul style="list-style-type: none"> <li>Public Works has accepted and complied with the initial audit findings presented to the Audit Committee in November 2018. (Reference A2 and A3 below) Public Works believes the actions we have already taken (see below) are the appropriate response to the appearance of preferential treatment. Public Works would take the step of reassigning employees if anything of this type should reoccur in the future after the employee had already received documented counseling regarding this issue and received ethics training.</li> <li>The audit found no actual preferential treatment given to a contractor. Metro currently has procedures and processes designed to eliminate the possibility of preferential treatment. Contracts are awarded based on Procurement Code and procedures in accordance with Title IV using the RFP process.</li> <li>In accordance with applicable Civil Service Rules and Policies, reassignment of duties would be warranted if violations and related discipline occurred. Because the audit yielded no such violation that would trigger this process, the current actions appropriately address the findings in the audit.</li> </ul>	<p>N/A</p>
<p><b>A.2</b> Provide training for employees on Metro Code of Law Sections 4.48.030 and 4.48.050 regarding ethics in public contracting and Metro Code of Law Section 2.222.020 general standards of ethical conduct, and conflict of interest.</p>	<p><b>Accept:</b> These employees, as well as all Public Works employees, have either completed or are scheduled to receive training from the Metro HR department that covers all the Codes and issues listed. These employees have also been individually counseled and have formal documentation in their employee file acknowledging such.</p>	<p><i>03/31/2019</i> For entire PW department employees.  Affected employees completed training on 11/26/2018.</p>
<p><b>A.3</b> Ensure that credit for all reworks for Metropolitan Nashville Public School Sidewalk Projects are received by Collier Engineering, Inc.</p>	<p><b>Accept:</b> Check from Collier Engineering for rework cost was received and deposited in November.</p>	<p><i>11/2018</i></p>

## APPENDIX A – MANAGEMENT RESPONSES AND CORRECTIVE ACTION PLANS

Recommendation	Concurrence and Corrective Action Plan	Proposed Completion Date
<i>Recommendation for management of Metro Water Services to:</i>		
<p><b>B.1</b> Take appropriate administrative action to cure the appearance of preferential treatment being given to contractors. Administrative action should include reassigning involved personnel tasks so as they are not participating in Collier Engineering, Inc. related matters.</p>	<p><b>Accept:</b> The assignment process for capital design projects is completed by an uninvolved employee. Projects are assigned on a rotating basis.</p> <p>Inspections conducted by Collier are assigned and monitored by an uninvolved employee.</p> <p>The Collier employee who had been in residence providing administrative support for SW projects has returned to the Collier Offices, reducing any appearance of preferential treatment.</p> <p>An advertisement for Financial Officer II closes 1-18-2019. Once a candidate is selected the need for the Collier employee will be eliminated.</p>	<p><i>3-15-2018</i></p>
<p><b>B.2</b> Provide training for employees on Metro Code of Law Sections 4.48.030 and 4.48.050 regarding ethics in public contracting and Metro Code of Law Section 2.222.020 general standards of ethical conduct, and conflict of interest.</p>	<p><b>Accept:</b> All personnel involved in the RFP/ITB process and their supervisors have reread these code sections as well as the associated executive order.</p> <p>Additionally, Ethics training was conducted on December 13, 2018, by Terri Costonis (Legal) to our Process Owners Meeting which represents mid-level to senior management personnel.</p>	<p><i>Completed</i></p>

**APPENDIX A – MANAGEMENT RESPONSES AND CORRECTIVE ACTION PLANS**

<i>Recommendation for management of Parks and Recreations to:</i>		
<p><b>C.1</b> Take appropriate administrative action to cure the appearance of preferential treatment being given to contractors. Administrative action should include reassigning involved personnel tasks so as they are not participating in Collier Engineering, Inc. related matters.</p>	<p><b>Partially Accept:</b> Appropriate administrative action has been taken to cure the appearance of preferential treatment being given to contractors.</p> <p>Corrective Action: The employee involved has been counseled with documentation placed in his personnel file and trained on Metro Code of Law Sections 4.48.030 and 4.48.050 regarding ethics in public contracting and Metro Code of Law Section 2.222.020 general standards of ethical conduct, and conflict of interest.</p> <p>Taking into consideration that the appearance of impropriety can be as negatively impactful as actual impropriety, the remorsefulness expressed by the employee for his error in judgment, the restitution made by the employee, the employee’s performance and years of service to Metro, appropriate corrective action has been taken.</p> <p>While it is not feasible to reassign the employee at this time, there are controls innate to the procurement process to mitigate the risk of impropriety and/or preferential treatment. The employee has not and will not solely select contractors. Individuals independent of the Parks department will oversee the procurement process/activities to ensure fairness.</p>	<p>11/05/2018</p>

## APPENDIX A – MANAGEMENT RESPONSES AND CORRECTIVE ACTION PLANS

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<p><b>C.2</b> Provide training for employees on Metro Code of Law Sections 4.48.030 and 4.48.050 regarding ethics in public contracting and Metro Code of Law Section 2.222.020 general standards of ethical conduct, and conflict of interest.</p>	<p><b>Accept:</b> Metro Code of Law Section 2.222.020 general standards of ethical conduct, and conflict of interest was distributed to Parks staff both on July 6, 2018, and November 8, 2018. A training for senior staff employees on Metro Code of Law Sections 4.48.030 and 4.48.050 regarding ethics in public contracting and Metro Code of Law Section 2.222.020 general standards of ethical conduct and conflict of interest was conducted by the Metro Legal Department on November 8, 2018. Training for all appropriate staff will be ongoing.</p>	<p>12/31/2018 Ongoing</p>
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## Metropolitan Nashville Government Vendor Audit Program

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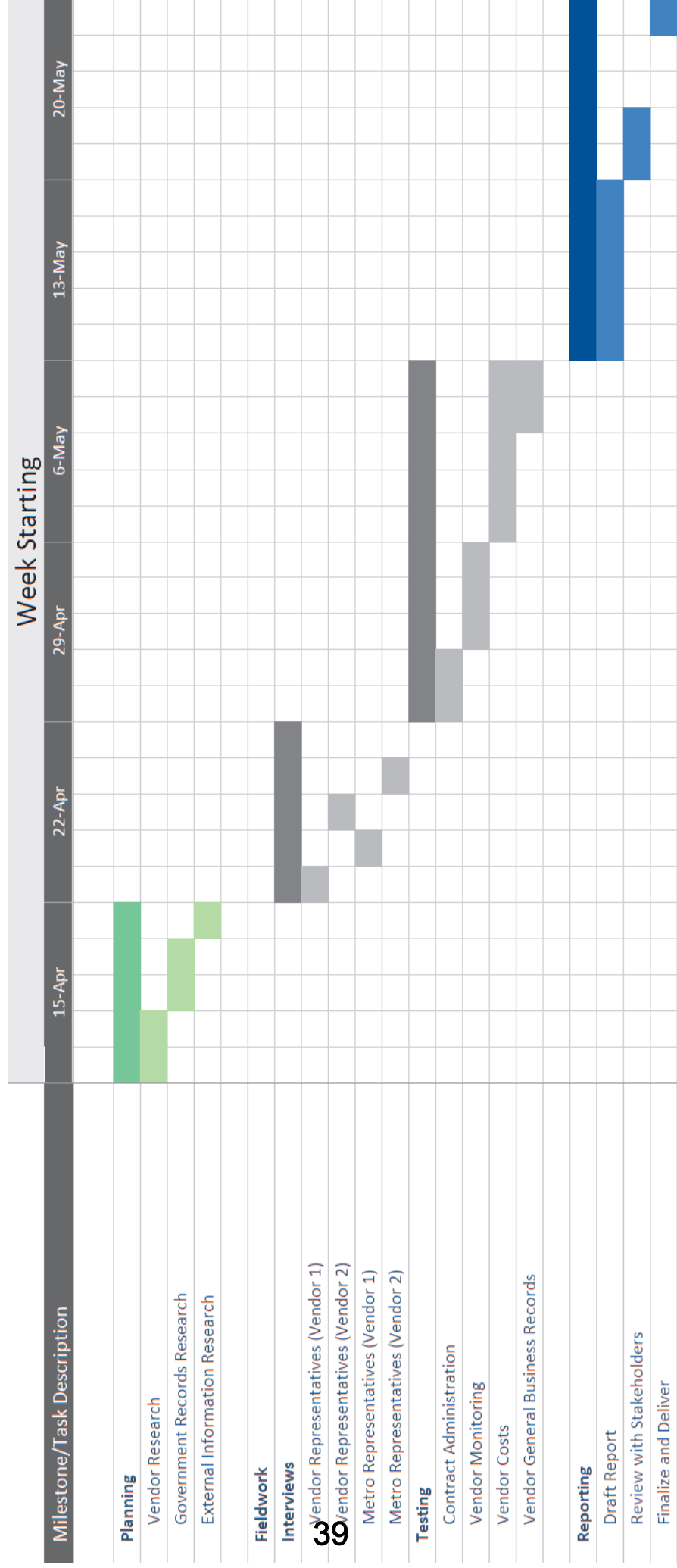
### Audit Objectives

Audit procedures should be sufficient to enable the auditor to determine that:

- A. Selection of the Vendor chosen to provide goods and services was competitively bid in accordance with Metropolitan Nashville Government's Purchasing Code and Regulations.
  - Delivery order tasks agree with contract scope of work.
  - Pre-Award checks are performed for identified high risk service contracts in accordance with Department of Finance – Procurement Division Contract Risk Management policy.
- B. All charges by the Vendor are in accordance with applicable contracts, purchase agreements, or other terms.
  - Service was received and complete.
  - Compensation/rates agree with contract terms.
  - Classifications for staff billed on invoices are supported by professional license, experience, etc.
  - Work effort charged is reasonable for provided services or goods.
- C. There are no instances of non-compliance with the Metropolitan Nashville Government's employee ethics in purchasing, employee ethics, conflicts of interest, acceptance of gifts, or standards of conduct policies between Metropolitan Nashville Government employees and Vendor representatives.
  - Review Vendor entertainment records (marketing expense, season tickets, vacation homes, hunting leases, credit card, petty cash, expense reports, etc.)
  - Review Vendor payroll for potential conflict of interest.
- D. The Metropolitan Nashville Government has a contract monitoring plan that is active.
  - Monitoring activities are performed for identified high risk service contracts in accordance with Department of Finance – Procurement Division Contract Risk Management policy.

## Timeline

We have designed our procedures to execute audits of both vendors simultaneously and to perform the work over a six week period.





## Hours and Fees

Our audit is designed to utilize a leverage model typical of similar audits.

Phase	Engagement Executive	Project Lead	Auditors	Total
Planning	4	16	56	76
Fieldwork	12	48	168	228
Reporting	8	16	56	80
<b>Total</b>	24	80	280	384
Leverage	6%	21%	73%	100%
Rate per hour	\$375	\$195	\$145	
Cost	\$9,000	\$15,600	\$40,600	\$65,200

## PROJECT SCHEDULE

BerryDunn strives to be flexible when it comes to development and execution of an effective project plan. We understand that no two projects are exactly alike and believe that one of the reasons we have been successful with similar projects is our willingness to be flexible in adapting to our clients' unique needs.

The proposed project schedule assumes a start date of April 8, 2019 and a completion date of June 30, 2019.

Week of	8-Apr	15-Apr	22-Apr	29-Apr	6-May	13-May	20-May	27-May	3-Jun	10-Jun	17-Jun
Planning call with OIA	█										
Audit preparation		█	█	█	█						
Field work (interviews and testing)						█	█	█	█		
Report writing									█	█	█

## PROPOSED PRICING

The cost schedule below is inclusive of expenses and is per audit. Should the scope change, we reserve the right to work with the OIA to modify the proposed budget.

Item Description	Estimated Hours	Cost
Deliverable 1: Audit Preparation	38	\$7,625
Deliverable 2: Field Work	119	\$23,680
Deliverable 3: Report Preparation	93	\$21,866
<b>Total – per audit</b>	<b>250</b>	<b>\$53,171</b>

Any on-site trips will be coordinated based on the OIA's project schedule and available resources. We will submit invoices based on work completed by deliverable. BerryDunn does not charge for time spent traveling, so these costs are reflective only of the time BerryDunn team members will spend working on the OIA's project.



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Office of Internal Audit Budget versus Actual  
GSD General Fund as of April 3, 2019  
FY 2019 Approved Budget

	FY 2019 Budget	Actual	Difference	Notes
Total Salaries & Fringe	\$ 1,140,700	\$ 735,166	\$ 405,534	
Other Expenses				
Professional & Purchased Services	248,000	62,109	185,891	
Building Rent Parkway Towers	55,500	41,950	13,550	\$4,580 per month
Other Expenses	71,900	28,080	43,820	
Internal Service Fees	50,000	50,000	-	Information Technology
*Budget Adjustment	(40,200)			
<b>TOTAL EXPENSES</b>	<b>\$ 1,525,900</b>	<b>917,305</b>	<b>\$ 608,595</b>	<b>60 percent utilization</b>

60%

* Budget Adjustment	\$ 40,200	\$ 47,279	(7,079)	Open positions and FMLA without pay
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30003 General Fund 4% Reserve	\$ 8,725	\$ -	\$ 8,725	\$8,074 Audit analytic software + \$651 furniture
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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
2019	248,000	1,563,700	16%	10

# Metropolitan Nashville Office of Internal Audit

## Executive Team

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

## Project and Office Management Leadership

**Lauren Riley**  
Macc, CPA, CIA,  
ACDA  
Principal Auditor  
x26111

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

Project Quality, Milestone/Project Budget Monitoring, Hotline Support, Training  
Plans, GA GAS 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, CMFO  
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



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**Metropolitan Nashville Office of Internal Audit  
Audit Project Status  
As of April 5, 2019**

Audit Plan Year February 2019 to January 2020	Report Phase					
	Projects	Planning	Fieldwork	Report	Draft	Final
1) Barnes Fund - Affordable Housing				✓	Mar-19	
2) Oracle Enterprise Business System R12 (Interim)				✓		Apr-19
3) Metro General Government Benefits Administration			✓			
4) Developer Conditions and Infrastructure Incentives				✓	Mar-19	
5) Arts Commission				✓	Apr-19	
6) Metro EEO-4 Reporting Process				✓	Mar-19	
7) Unusual Transactions			✓			
8) Metropolitan Clerk's Lobbyist Disclosures	✓					
9) Municipal Auditorium	✓					
10) Nashville Fire Department Fire Marshal Office	✓					
11) A&E External Audit Support	✓					
12) Follow-Up Office of Fleet Management			✓			
<b>Metro IntegrityLine Alerts - February 2019 to January 2020</b>				<b>Total</b>	<b>Closed</b>	<b>Pending</b>
Metro Hotline Alerts (Fraud, Waste & Abuse)				3	1	2

**Note:** Goal to complete 23 audit projects for Plan Year 2019. Currently 1 audit project is completed, and 4 audit projects are in the draft report phase.

**Summary of Open Audit Recommendations  
As of March 8, 2019**

Project Number	Audit Department List	Year	Month	Accepted	Rejected	Implemented	Accepts Risks	No Longer Applicable	Open	No Updates
AU2011-007	ITS - Active Directory Services (CONFIDENTIAL)	2011	4	12	0	11	0	0	1	
AU2012-005	General Services Fuel Management	2012	10	25.5	1.5	21.5	0	1	3	
AU2013-005	Information Technology Services Telecom Services (CONFIDENTIAL)	2013	7	13	0	12	0	0	1	<b>X</b>
AU2013-022	Industrial Development Board	2013	12	6	0	2	0	0	4	<b>X</b>
AU2014-026	Metropolitan Nashville Public Schools	2015	2	118	14	111	4	2	1	
AU2014-028	Assessor's Office	2014	06	14	1	10	0	1	3	
AU2015-007	Historic Zoning and Historical Commission Work Force	2015	1	7	3	6	0	0	1	
AU2015-024	ITS - Radio Communication Division	2015	11	34	7	32	0	0	2	
AU2015-031	Parks and Recreation Maintenance Operations		4	2.5	1.5	1.5	0	0	1	
AU2016-019	MNPS Performance Reporting Process	2016	12	11	0	9	0	0	2	
AU2016-020	Human Resources Department Talent Acquisition Function	2017	6	13	0	11	0	0	2	
AU2017-001	Codes Short Term Rental Property Permit Process	2017	8	12	0	8	0	0	4	
AU2017-008	Assessor of Property	2017	5	4	0	2	0	0	2	
AU2017-017	General Government Occupational Safety Program	2017	10	24	0	1	0	0	23	
AU2017-020	DCSO Information Technology Security Practices (CONFIDENTIAL)	2017	10	45	0	17	0	0	28	
AU2017-022	Finance Department Procurement And Business Assistance Office	2018	8	13	0	2	0	0	11	<b>X</b>
AU2018-002	MDHA Development Incentives	2018	3	16	1	11	0	0	5	
AU2018-003	Metropolitan Transit Authority Revenue Collection Process	2018	3	4	1	2	0	0	2	
AU2018-004	ITS Software Asset Management	2018	5	4	0	1	0	0	3	
AU2018-009	Nashville General Hospital Procurement-To-Pay	2018	8	11	0	0	0	0	11	<b>X</b>
AU2018-011	Metro Water Services Fire Hydrant Inspections	2018	11	10	0	6	0	0	4	
AU2018-012	Metro Nashville Public Schools Financial Matters	2018	8	2	0	0	0	0	2	
AU2018-014	Metro Water Services Process Control System Security (CONFIDENTIAL)	2018	8	12	0	7	0	0	5	
AU2019-001	Register of Deeds	2019	1	8	2	3	0	0	5	

**Summary of Open Audit Recommendations  
As of March 8, 2019**

<b>Project Number</b>	<b>Audit Department List</b>	<b>Year</b>	<b>Month</b>	<b>Accepted</b>	<b>Rejected</b>	<b>Implemented</b>	<b>Accepts Risks</b>	<b>No Longer Applicable</b>	<b>Open</b>	<b>No Updates</b>
AU2019-002	Parks & Recreation - Wave Country	2018	12	3	0	0	0	0	3	
AU2019-004	General Sessions Court - Traffic School	2019	1	10	10	2	0	0	8	
				434	42	289	4	4	137	

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

**Call 877-270-8334**

**or**

**<https://www.redflagreporting.com/nashville>**



**METROPOLITAN NASHVILLE AUDIT COMMITTEE  
2019 MEETING PLAN**

<b>Meeting Date</b>	<b>Proposed Agenda Topics</b>
February 12, 2019 (Tuesday)	<ul style="list-style-type: none"> <li>• Office of Internal Audit Annual Performance Report</li> <li>• Internal Audit Annual Work Plan approval</li> <li>• Internal Audit issued report discussion</li> <li>• Open Audit Recommendations Status</li> </ul>
April 9, 2019 (Tuesday)	<ul style="list-style-type: none"> <li>• Election of Chairman and Vice Chairman</li> <li>• External Audit Single Audit and Management Letter presentation</li> <li>• Information Security Program Update</li> <li>• Internal Audit issued report discussion</li> </ul>
June 25, 2019 (Tuesday)	<ul style="list-style-type: none"> <li>• FY2018 External Audit plan and required communications</li> <li>• Internal Audit issued report discussion</li> <li>• Metropolitan Auditor performance review</li> </ul>
September 10, 2019 (Tuesday)	<ul style="list-style-type: none"> <li>• Metropolitan Audit Committee self-assessment</li> <li>• Bylaws annual review</li> <li>• Internal Audit issued report discussion</li> <li>• Open Audit Recommendations Status</li> <li>• External Audit Comprehensive Annual Financial Report Audit Progress Executive Session</li> </ul>
November 26, 2019 (Tuesday)	<ul style="list-style-type: none"> <li>• Internal Audit issued report discussion</li> <li>• External Audit Comprehensive Annual Financial Report Audit Progress Executive Session</li> </ul>
December 10, 2019 (Tuesday)	<ul style="list-style-type: none"> <li>• External Audit Comprehensive Annual Financial Report</li> <li>• Internal Audit issued report discussion</li> </ul>



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# Metropolitan Audit Committee

Metropolitan Code of Laws Section 2.24.300  
Term-varied  
6 Members

	<u>Date of Appt.</u>	<u>Term Exp.</u>
<b>Mr. John Cooper</b> 3925 Woodlawn Drive Nashville, TN 37205- (615) 969-4444      CooperAtLarge@nashville.gov Representing: Metro Council	<b>10/3/2017</b>	<b>9/30/2019</b>
<b>Mr. Charles C. Frasier</b> <b>VChm</b> One University Park Drive Nashville, TN 37204- (615) 966-5738      charles.frasier@lipscomb.edu Representing: TSCPA, Nashville Chapter	<b>3/21/2017</b>	<b>3/20/2021</b>
<b>Ms. Talia Lomax-O'dneal</b> One Public Square, Suite 106 Nashville, TN 37201- (615) 862-6151      talia.lomaxodneal@nashville.gov Representing: Director of Finance	<b>10/1/2015</b>	
<b>Mr. Bob Mendes</b> One Public Square, Suite 204 Nashville, TN 37201- (615) 756-3533      bob.mendes@nashville.gov Representing: Metro Council	<b>10/3/2017</b>	<b>9/30/2019</b>
<b>Mr. Brack Reed</b> <b>Chm</b> 222 Second Avenue South #1400 Nashville, TN 37201- (615) 770-8100      brack_reed@gspnet.com Representing: Nashville Area Chamber of Commerce	<b>2/20/2015</b>	<b>3/20/2023</b>
<b>Vice Mayor Jim Shulman</b> One Public Square, Suite 204 Nashville, TN 37201- (615) 880-3357      jim.shulman@nashville.gov Representing: Vice Mayor	<b>9/6/2018</b>	<b>8/31/2019</b>

Printed 19-Feb-19

**Metropolitan Clerk's Office**





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# Metropolitan Nashville Audit Committee

## Executive Session Checklist

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

## Permissible Executive Session Subject Matter

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