

**METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON
COUNTY**



**METROPOLITAN NASHVILLE
AUDIT COMMITTEE**

WORKBOOK

July 10, 2019

*"Progress always involves risk.
You can't steal second base and keep your foot on first"*
– Frederick B. Wilcox –

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METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
AUDIT COMMITTEE MEETING AGENDA
July 10, 2019, 4:00 p.m.

Committee Room 2
205 Metropolitan Courthouse

- I. Call Meeting to Order (Charles Frasier – Committee Vice Chairman)
- II. Approval of Minutes (Charles Frasier – Committee Vice Chairman)
 - Approval of Minutes for April 16, 2019, meeting
 - Approval of Minutes for June 5, 2019, meeting
- III. New Business
 - Discussion on request received from Judge Joe P. Binkley, Jr., for an audit of the Davidson County Drug Court due to change in management received on June 27, 2019. (Gina Pruitt – Interim Metropolitan Auditor)
 - Discussion of External Audit Plan for the year ended June 30, 2019 (John Crosslin – Crosslin Certified Public Accountants)
 - Discussion on the Follow Up Audit of the Office of Fleet Management issued June 3, 2019. (Lauren Riley – Principal Auditor)
 - Discussion on the Audit of Development Conditions issued June 12, 2019. (Laura Henry – Auditor)
 - Discussion on the Audit of the Barnes Fund issued June 27, 2019. (Bill Walker – Principal Auditor)
 - Tentative discussion on the Audit of the Metropolitan Arts Commission. (Innocent Dargbey – Senior Auditor)
 - Tentative discussion on the Audit of the Metropolitan Nashville General Government Benefits. (Seth Hatfield – Senior Auditor)
- IV. Unfinished Business
 - Fraud, waste, and abuse hotline activity services update:
 - Revised Investigation Report Collier Engineering issued January 24, 2019. (Gina Pruitt – Interim Metropolitan Auditor)
 - A&E Vendor Billing Review update. (Judge Patricia Cottrell – Chief Compliance Officer)
- V. Other Administrative Matters (Gina Pruitt – Interim Metropolitan Auditor)
 - FY2019 budget status.
- VI. Internal Audit Project Status (Gina Pruitt – Interim Metropolitan Auditor)
 - On-going projects
 - Recommendation implementation follow-up status

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
AUDIT COMMITTEE MEETING AGENDA
July 10, 2019, 4:00 p.m.

- VII. Consideration of Items for Future Meetings (Charles Frasier – Committee Vice Chairman)
- VIII. Adjournment of Public Meeting – Next Regular Meeting, Tuesday, September 10, 2019; Special Meeting, Friday, July 19, 2019 to interview candidates for Metro Auditor.
- IX. Call for a motion to enter executive session (Charles Frasier – Committee Vice Chairman)
- X. Executive Session Agenda – (Charles Frasier – Committee Vice Chairman)

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):

- 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;
- 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. § 9-3-406⁴ where the informant has requested anonymity.



To request an accommodation, please contact Lauren Riley at (615)862-6111.

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.

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METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY AUDIT COMMITTEE MEETING MINUTES

April 16, 2019

On Tuesday, April 16, 2019, at 2:30 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

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
Lauren Riley, Office of Internal Audit
Seth Hatfield, Office of Internal Audit

Quorum present? Yes

CALL MEETING TO ORDER

Mr. Reed called the meeting to order.

APPROVAL OF MINUTES

A **motion** was made to approve the April 9, 2019, meeting minutes as presented in the Metropolitan Nashville Audit Committee Workbook for April 16, 2019, was seconded, and carried.

NEW BUSINESS

Discussion on the appointment of interim acting Metropolitan Auditor to fill the vacancy of the Metropolitan Auditor position. Position vacancy beginning May 1, 2019.

Mark Swann stated that the job posting for the permanent Metropolitan Auditor position was posted on Monday, April 15, 2019 and Human Resources was working on getting the position posted with national professional organizations.

Mr. Swann contacted each of the three firms on contract with the Office of Internal Audit and requested a nomination for Interim Metropolitan Auditor. KraftCPAs was the only firm to submit a proposal. The firm nominated Gina Pruitt, Member-in-Charge of Risk Assurance and Advisory Services, and Scott Nalley, Senior Manager of Risk Assurance and Advisory Services, and estimated that the position would be of a part-time basis with an hourly rate of \$235. There was also one internal candidate, Lauren Riley, Principal Auditor for Office of Internal Audit. Both the KraftCPAs proposal and Ms. Riley's resume were presented in the Metropolitan Nashville Audit Committee Workbook.

Mr. Swann explained that funding for the Interim Metropolitan Auditor position would need to be taken out of benefit dollars in the budget or a special appropriation would need to be made by the Metropolitan Nashville Council. Talia Lomax-O'dneal stated that in extenuating circumstances the Finance Department will allow departments to use benefit dollars in lieu of a special appropriation. Ms. Lomax-O'dneal stated she would make accommodations for the funding, so it would not be a factor in selecting an interim Metropolitan Auditor.

A discussion ensued, and Mr. Bob Mendes stated that he preferred the external candidate as KraftCPAs could assist in the search for a permanent replacement for Metropolitan Auditor and provide guidance on complex issues currently facing the Office of Internal Audit.

Mr. Brackney Reed clarified that while a team approach was presented by KraftCPAs, Ms. Pruitt, if chosen, would be selected as Interim Metropolitan Auditor and the committee agreed.

A **motion** to appoint Gina Pruitt as Interim Metropolitan Auditor was made, seconded, and carried.

Discussion on departmental accountability for delayed implementation of audit report recommendations.

Mr. Swann presented a summary of open audit recommendations. Mr. Swann contacted the departments for each of the twenty-four audits with open recommendations and all but four sent a response with an update on implementation. Mr. Mendes stated that he was glad the summary was prepared and that it should be passed on to next Metropolitan Auditor.

UNFINISHED BUSINESS

Revised Investigative Report Collier Engineering issued January 24, 2019.

Mr. Swann explained that he met with Judge Patricia Cottrell, Chief Compliance Officer, and she has not yet finished her billing review for Collier Engineering. Additionally, the committee received a letter from an external law firm with more information regarding Collier Engineering. Mr. Swann stated that Judge Cottrell has reviewed the new letter and there are a couple of new items that need to be examined, but some of the letter was rehashing issues that have already been investigated.

Ms. Lomax O'dneal inquired about how the upcoming vendor audit of Collier Engineering will intersect with the review by Judge Cottrell. Mr. Swann explained that the same audit procedures would be used for all the vendor audits, but there may be a situation where the scope of work for Collier Engineering's audit could be adjusted to include more investigative type work.

The committee agreed to wait until the next meeting on June 25, 2019 in order to hear an update from Judge Cottrell and what needs to be done to conclude the investigation.

UNFINISHED BUSINESS

FY2019 Budget Status

Mr. Swann stated that the Office of Internal Audit was on track to meet the required budget savings of \$40,000. The department should be under budget for fiscal year 2019.

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

The next meeting is to be scheduled for June 25, 2019, at 4:00 p.m.

The public meeting adjourned after approximately 24 minutes.

The minutes for the April 16, 2019, Metropolitan Nashville Audit Committee meeting are respectfully submitted.

Gina Pruitt, Interim Metropolitan Nashville Auditor
Secretary, Metropolitan Nashville Audit Committee

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

June 5, 2019

On Tuesday, June 5, 2019 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

Brackney Reed, Chamber of Commerce
Charles Frasier, Tennessee Society of CPAs
Jim Shulman, Vice-Mayor
John Cooper, Council Member

Others

Gina Pruitt, Interim Metropolitan Auditor
Wanda Hadley, Human Resources
Jason Lusk, Human Resources
Lauren Riley, Office of Internal Audit
Bill Walker, Office of Internal Audit
Theresa Costonis, Department of Law

Committee Members Not Present

Talia Lomax-O'dneal, Director of Finance
Bob Mendes, Council Member

Quorum present? Yes

CALL MEETING TO ORDER

Mr. Reed called the meeting to order.

NEW BUSINESS

Discussion of Candidates for the Metropolitan Auditor Position

Wanda Hadley provided an update on the recruitment process. The Metropolitan Human Resources Department performed an initial review of each application received. The candidates were scored and put into one of four categories with outstanding being the highest classification. Those candidates who met the minimum qualifications and most of the preferred qualifications were classified as outstanding. There were 20 candidates placed into this category.

The applications and resumes of these 20 candidates were sent to each audit committee member for review. The Metropolitan Human Resources Department requested each Audit Committee member to submit their top 8-10 candidates. The Metropolitan Human Resources Department reviewed those candidates submitted by the Committee members and narrowed the list down to 10 applicants. Supplemental questions were sent to each of the 10 candidates of which seven responded. A binder which contained each of the seven candidate's application, resume, and answers to the supplemental questions was provided to each Audit Committee member in attendance. The purpose of the June 5, 2019, meeting was to review each candidate and to collectively ascertain which candidates should be invited to interview.

The Audit Committee reviewed and discussed the following seven applicants in alphabetical order.

- John Cashmon
- Doug Graeff
- Michael Hill
- Carlos Holt
- Scott McConnell
- Kimberly Phegley
- Brenda Roberts

A **motion** for the Audit Committee to conduct interviews with Doug Graeff, Michael Hill, Carlos Holt, Scott McConnell, Kimberly Phegley, and Brenda Roberts for the Metropolitan Auditor position was made, seconded and carried.

A **motion** was made for the Metropolitan Human Resources Department to contact John Cashmon to obtain additional information on employment gaps and to bring in Mr. Cashmon should one of the other candidates drop out, which was seconded and carried.

Discussion of Next Steps related to Interviewing Candidates

Various logistical items and potential interview dates were discussed. Gina Pruitt is to contact Audit Committee members to ascertain which dates work best to conduct interviews. Audit Committee members noted that upcoming Metropolitan Council meetings, the vote on the fiscal year 2020 budget, and coordinating six different Audit Committee members' schedules contribute to the complexity of this task.

Ms. Hadley advised that Audit Committee members who wished to participate in the interview process had to attend each candidate's interview. Additionally, each candidate had to be asked the same questions with follow-up questions being allowed. This was to help ensure fairness and equitable assessment in the process. Ms. Hadley also advised if the interviews were to be conducted on separate days that those days needed to be close together and the same Audit Committee members would need to interview each candidate.

The Audit Committee will conduct an assessment of the candidates subsequent to the conclusion of the final interview. The final step will be for the Audit Committee to rank and present their top three candidates to the Metropolitan Council. The Metropolitan Council will then vote to determine the final selection for the Metropolitan Auditor position.

Request for Audit of the Davidson County Drug Court

Gina Pruitt informed the Audit Committee she received a call earlier that day from Tim Townsend, Trial Court Administrator with the State Trial Courts requesting the Office of Internal Audit conduct an audit of the Davidson County Drug Court. Theresa Constonis advised Ms. Pruitt to add the item to an upcoming agenda to ensure sufficient public notice of the discussion item.

The public meeting adjourned after approximately 66 minutes.

The minutes for the June 5, 2019, Metropolitan Nashville Audit Committee meeting are respectfully submitted.

Gina Pruitt, Interim Metropolitan Nashville Auditor
Secretary, Metropolitan Nashville Audit Committee

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State of Tennessee

TWENTIETH JUDICIAL DISTRICT
509 METROPOLITAN COURTHOUSE
NASHVILLE, TENNESSEE 37201
(615) 862-5915 • FAX (615) 880-2332
JOEBINKLEY@JIS.NASHVILLE.ORG

JOE P. BINKLEY, JR., JUDGE
FIFTH CIRCUIT COURT

June 27, 2019

Ms. Gina Pruitt
Interim Metropolitan Auditor
Office of Internal Audit
Metropolitan Government of Nashville and Davidson County
P.O. Box 196300
Nashville, TN 37219-6300

Re: Requested Audit of DC4

Dear Ms. Pruitt:

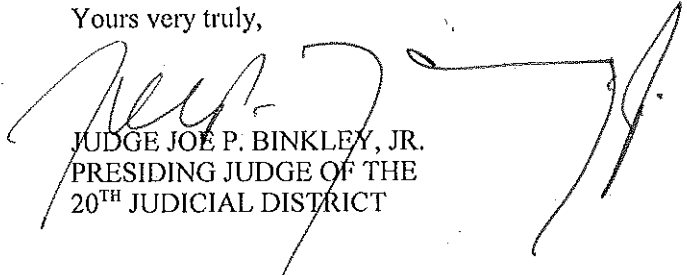
Pursuant to conversations and email communications between State Trial Court Administrator Tim Townsend and Principal Internal Auditor Lauren Riley, this correspondence is to request an audit of DC4, Drug Court of Metropolitan Nashville & Davidson County.

The DC4 program leadership is in transition, and before Judge Jennifer Smith begins her oversight of this program, we are requesting a financial and operational audit of DC4 to aid in the transition and to provide Judge Smith an objective assessment of the financial status and the processes and procedures of the organization. This requested audit will allow Judge Smith to more effectively understand and evaluate the effectiveness, efficiency and economy of DC4 operations and make any necessary improvements going forward.

We would also request that this audit include a review of the books, records and documents of the Davidson County Drug Court Support Foundation related to work performed and money received for the preceding three years under Metro Contract Purchase Agreement 426845 pursuant to Paragraph 8.9 of that agreement.

If anything further is needed to begin this audit, please advise.

Yours very truly,


JUDGE JOE P. BINKLEY, JR.
PRESIDING JUDGE OF THE
20TH JUDICIAL DISTRICT

JPBJR/mrg

cc: Lauren Riley, CPA, CIA, ACDA
Principal Internal Auditor
Office of Internal Audit

Trial Court Administrator Tim Townsend

Judge Jennifer L. Smith
Criminal Court, Division IV

CROSSLIN

FY 2019 Audit Communication



**A Report to the
Audit Committee**

Mayor
David Briley

Director
Nancy Whitemore

Audit Committee Members

Charles Frasier
John Cooper
Talia Lomax-O'dneal
Bob Mendes
Brackney Reed
Jim Shulman

**Metropolitan
Nashville
Office of
Internal Audit**

**Follow-Up on the Audit of the
Office of Fleet Management
(Initial Report Issued September 18, 2017)**

June 3, 2019

EXECUTIVE SUMMARY

June 3, 2019



Why We Did This Audit

This is a follow-up audit of the September 18, 2017, *Audit of the Office of Fleet Management*. Initial audit and follow-up were performed due to the importance of a well-maintained fleet.

What We Recommend

Management should complete the implementation of the one audit recommendation still in-process.

FOLLOW-UP ON THE AUDIT OF THE OFFICE OF FLEET MANAGEMENT

BACKGROUND

The Office of Internal Audit conducted an audit of the Metropolitan Nashville Government's Office of Fleet Management in 2017.

The objectives of that audit were to determine if:

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

The audit report included 19 recommendations for improving the operations of the Office of Fleet Management. All recommendations were accepted with proposed completion dates of June 30, 2018, or earlier.

OBJECTIVES AND SCOPE

The objective of this follow-up audit is to determine whether management's action plans for the prior audit report recommendations are completed.

The audit scope covers the status as of May 3, 2019, for the 19 accepted recommendations included in the September 18, 2017, *Audit of the Office of Fleet Management*.

WHAT WE FOUND

Out of the 19 audit report recommendations, 15 recommendations are fully implemented, 1 recommendation is still in-process, and 3 recommendations are no longer applicable.

Implementation of the remaining one recommendation is scheduled to be completed by July 31, 2019. Details of the implementation status and updated due date can be seen in **Appendix A**.

APPENDIX A – PRIOR RECOMMENDATIONS AND IMPLEMENTATION STATUS

Recommendation from 2017 Audit Report	Proposed Completion Date	Updated Completion Date	Status
<i>Recommendations for management of the Office of Fleet Management to:</i>			
A.1 Explore and establish an effective communication and scheduling method with fleet coordinators to ensure preventative maintenance scheduling meets user department's business cycles.	Completed prior to original report issuance	N/A	Closed – Verified. Preventative maintenance reports are sent to the fleet coordinators weekly from the FASTER system.
A.2 Initiate cost-benefit analysis on how telematics technology could be used to increase efficiency with fleet management. For example, receiving real-time odometer readings to schedule preventative maintenance work orders and monitor utilization.	June 30, 2018	N/A	Closed – Verified. Management conducted the cost-benefit analysis and determined installing telematics was not feasible due to the cost being over \$5 million.
B.1 Incorporate evaluation of vehicle utilization data into the vehicle procurement process and enforce replacement criteria established by Administrative Order 05-09 while making purchasing decisions.	June 30, 2018	December 31, 2018	Closed – Verified. The vehicle procurement process includes consideration of utilization data. Also, the requirements of Administrative Order 05-09 were reiterated to the fleet coordinators.
B.2 Request and follow-up semi-annual or annual utilization reports from user departments, with justification of non-compliance and departmental action plan for meeting requirement.	June 30, 2018	December 31, 2018	Closed – Verified. Annually, as part of the budget process, utilization reports are sent to the fleet coordinators; justification is provided by coordinators as applicable.

APPENDIX A – PRIOR RECOMMENDATIONS AND IMPLEMENTATION STATUS

Recommendation from 2017 Audit Report	Proposed Completion Date	Updated Completion Date	Status
<p>B.3 Develop an action plan for increasing fleet utilization and identifying an ideal fleet size. This could include: (a) enforcing accurate data input, (b) eliminating or reassigning underutilized vehicles, (c) exploring opportunities to rent specialized equipment or seasonal use of equipment, (d) not replacing vehicles for departments under an acceptable utilization percentage, (e) utilizing rides share companies like Uber or Lyft or taxi services for local travel, (f) rotating vehicles, using telematics to identify fleet utilization patterns, (g) placing underutilized vehicles and equipment into the General Services motor pool, or (h) increase employee personal vehicle use for Metropolitan Nashville Government service.</p>	June 30, 2018	December 31, 2018	<p>Closed – Verified.</p> <p>A partnership agreement was finalized with Enterprise. Also, an agreement was being pursued with Lyft. Management has emails between OFM and Lyft in April 2019 as well as a draft contract.</p>
<p>C.1 Conduct a review of vehicle take-home assignments and request agencies to provide documented approval and justification for all take-home vehicle use.</p>	June 30, 2018	December 31, 2018	<p>Closed – Verified.</p> <p>Management maintained vehicle lists from 2018 and 2019 which documented each take-home vehicle and justification for such use.</p>
<p>C.2 Reiterate the take-home assignment policy to department heads and fleet coordinators.</p>	Completed prior to original report issuance	N/A	<p>Closed – Verified.</p> <p>Management emailed the fleet coordinators to reiterate the take-home policy.</p>
<p>C.3 Maintain a centralized listing of all Metropolitan Nashville take-home vehicles.</p>	Completed prior to original report issuance	N/A	<p>Closed – Verified.</p> <p>Management maintains a centralized listing of take-home vehicles. Management provided the list for 2018 and 2019.</p>

APPENDIX A – PRIOR RECOMMENDATIONS AND IMPLEMENTATION STATUS

Recommendation from 2017 Audit Report	Proposed Completion Date	Updated Completion Date	Status
C.4 Request all departments annually submit a compliance report to the Office of Fleet Management. This report should include the vehicle decal number, employee's name, job title, and justification for the take-home vehicle assignment.	June 30, 2018	December 31, 2018	Closed – Verified. All departments submitted a compliance report for 2018 and 2019. Compliance reports are requested annually.
C.5 Mark all vehicles with Metro Nashville emblem except for those specifically requested to be unmarked by the Chief of Police or approved by the General Services Director. All exceptions should be documented.	June 30, 2018	N/A	Closed – Verified All Metro Nashville vehicles are marked except those approved by department heads which are maintained on a list and include departmental justifications.
C.6 Explore telematics technology to track take-home vehicles to limit abuse and ensure compliance with Administrative Order 07-09.	June 30, 2018	N/A	Closed – Verified. Management performed an analysis and determined the cost is prohibitively high to pursue telematics technology.
D.1 Document the Office of Fleet Management's target direct time percentage and use the FASTER Fleet Management System to monitor employee productivity.	Completed prior to original report issuance	N/A	Closed – Verified. Management established an expected direct time percentage of 80% or higher. Monthly productivity reports are reviewed to ensure compliance or reason for non-compliance.
E.1 Limit access to the parts room to employees that have job responsibilities that would necessitate entry.	Completed prior to original report issuance	N/A	No Longer Applicable. Management limited the access to the parts rooms when operating. The parts rooms shut down when the OFM went "live" with Advance Auto Parts taking over providing parts.
E.2 After hour part usages should be recorded with reference to calls and work orders.	June 30, 2018	N/A	No Longer Applicable. Prior to implementing the recommendation, the parts rooms were shut down when the OFM went "live" with Advance Auto Parts taking over providing parts.

APPENDIX A – PRIOR RECOMMENDATIONS AND IMPLEMENTATION STATUS

Recommendation from 2017 Audit Report	Proposed Completion Date	Updated Completion Date	Status
E.3 Establish a procedure to analyze inventory of automotive parts annually, in terms of ending balance, carrying cost, turn-over, and spoilage so that an efficient stock level and accurate stock value can be determined.	June 30, 2018	N/A	No Longer Applicable. Prior to implementing the recommendation, the parts rooms were shut down when the OFM went “live” with Advance Auto Parts taking over providing parts.
F.1 Define what constitutes a rework so that data can be accurately captured for effective managerial analysis.	June 30, 2018	N/A	Closed – Verified. Management generates and analyzes rework reports.
F.2 Work orders for reworks should be flagged and monitored by management.	June 30, 2018	N/A	Closed – Verified. Reworks are entered into the FASTER system, and management generates and analyzes rework reports.
G.1 Maintain or obtain access to records in the iProcurement purchasing system for all vehicle and equipment acquisition documentation required by the Administrative Order 05-09 or modify the administrative order to reflect current practice.	October 31, 2017	December 31, 2018	Closed – Verified. Administrative Order 05-09 was modified to reflect current practice.
H.1 Continue with the implementation of recommendations from October 2012 Audit of Metropolitan Nashville Government’s Motor Fuel Usage Office of Fleet Management.	June 30, 2018	July 31, 2019	In-Process – Partially completed. Of the three prior audit recommendations still in process, one was closed and verified and the remaining two were still in process with a completion date within three months.



**A Report to the
Audit Committee**

Mayor
David Briley

**Executive Director of Metro
Planning Department**
Lucy Kempf

Audit Committee Members
John Cooper
Charles Frasier
Talia Lomax-O'dneal
Bob Mendes
Brackney Reed
Jim Shulman

Audit of Development Conditions

June 12, 2019

Metropolitan
Nashville
Office of
Internal Audit

EXECUTIVE SUMMARY

June 12, 2019



Why We Did This Audit

The audit was initiated due to a complaint concerning the enforcement of conditions approved in development plans.

What We Recommend

- Clearly define responsibilities and reporting structures through written policies and procedures.
- Establish a central process owner to see projects through from start to finish.
- Establish guidelines around financial responsibility for conditional requirements with services overlapping Metropolitan Nashville Government departments.

Audit of Development Conditions

BACKGROUND

In October 2005, the Metropolitan Council adopted specific plan districts, generally known as SP zoning, to give developers greater flexibility and to ensure constituents greater certainty. These zoning districts are not subject to traditional zoning development standards. Due to the unique nature of these zonings, the developer must meet certain conditions within the plan. These conditions are determined by various Metropolitan Nashville Government departments and are approved by the Metropolitan Council.

OBJECTIVES AND SCOPE

The objectives of this audit are to determine if:

- Controls are in place to ensure that approved development plan conditions are being enforced.
- The cost associated with implementing development conditions is properly allocated to either the developer or the Metropolitan Nashville Government.

The scope of this audit includes all specific plans approved between January 2014 and October 2018.

WHAT WE FOUND

Specific plans are closely monitored and reviewed prior to the Planning Commission and Metropolitan Council approval. However, after the final approvals, responsibility for condition enforcement is unclear. Communication between all departments involved during the construction and implementation process is lacking. Additionally, limitations in the use of technology hinder the process of ensuring departments may easily access the status of projects and conditions to review. There is no assigned party to oversee the entire process and hold internal and external parties accountable.

Specific plans often include conditions that are within the range of typical work performed by Metropolitan Nashville Government departments. However, details of who will perform the work and who will cover the cost of conditions included in specific plans are not clear.

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>Risk</i>	<i>Recommendations for the management of the Planning Department to:</i>		
M	A.1 – Utilize the CityWorks and ePermits system to ensure the conditions and their explanations are available to inspectors on site during physical inspections.	Accept – We will ensure that conditions and their explanations are included on plans available to the Codes Department utilizing the Bluebeam plans review system as an integrated platform to communicate Specific Plan conditions. Additionally, we will provide a summary of these conditions to the inspectors utilizing the CityWorks and ePermits systems. The implementation of this recommendation will require additional staffing and other resources. A request for the additional resources will be made as part of our 2021 fiscal year budget submission and if approved will be implemented by 12/31/2020.	12/31/2020
M	A.2 - Include all parties responsible for enforcing conditions in the process of writing the conditions.	Accept – Parties responsible for enforcing conditions are currently included in the process of writing conditions, however we will utilize the Bluebeam plans review system and CityWorks as an integrated platform to enhance the interaction between the parties, to improve communications, and to ensure that all responsible parties are included in a meaningful and appropriate manner. The implementation of this recommendation will require additional staffing and other resources. A request for the additional resources will be made as part of our 2021 fiscal year budget submission and if approved will be implemented by 12/31/2020.	12/31/2020

APPENDIX A – MANAGEMENT RESPONSE AND CORRECTIVE ACTION PLAN

	Recommendation	Concurrence and Corrective Action Plan	Proposed Completion Date
	<i>Recommendations for the management of the Planning Department and Department of Codes and Building Safety to:</i>		
H	B.1 - Implement written policies and procedures that define enforcement responsibilities and reporting structures.	Accept – Working with the Codes Department and other stakeholders, we will develop written policies and procedures that define enforcement responsibilities and reporting structures for SP conditions by 12/31/19. The implementation of these policies and procedures will require additional staffing and other resources. A request for the additional resources will be made as part of our 2021 fiscal year budget submission and if funded will be implemented by 12/31/2020.	12/31/2019
M	C.1 - Establish a central process owner to oversee projects from start to finish, hold the various departments accountable, and update the progress of the project in CityWorks, as needed.	Accept – We will work with the responsible departments to establish a central process owner to oversee projects from start to finish, establish a method to hold the various departments accountable, and update the progress of projects in CityWorks system. We lack the ability or the authority to impose requirements on the other departments, but we will work to achieve an agreement that produces this outcome by 12/31/2020.	12/31/2020
	<i>Recommendation for the management of the Public Works Department to:</i>		
H	D.1 - Create a written policy that outlines the acceptable infrastructure spending amounts by Metropolitan Nashville Government departments to implement conditions within specific plans. Document required steps to take if expected spending exceeds the acceptable range.	Accept – The Public Works Department and Planning Department will work with other stakeholders to create a written policy, as described in the audit recommendation. The policy will address the principle that the developer will have the responsibility for infrastructure specified in the SP conditions. The policy will also address those rare situations where SP developments are approved with conditions but are not moving forward. If In these instances, there is a necessity for Metro to provide infrastructure for the health and safety of the public, the policy will address the process for seeking public funds.	12/31/2020

Audit of the Barnes Fund Final Report



A Report to the Audit Committee

Mayor
David Briley

Barnes Fund Director
Hannah Davis

Audit Committee Members
John Cooper
Charles Frasier
Talia Lomax-O'dneal
Bob Mendes
Brackney Reed
Jim Shulman

Audit of the Barnes Fund

June 27, 2019

**Metropolitan
Nashville
Office of
Internal Audit**

EXECUTIVE SUMMARY

June 27, 2019



Why We Did This Audit

The audit was performed because of emphasis of affordable housing policy in growing urban areas across the United States.

What We Recommend

- Define measures to monitor the Barnes Fund program objective to benefit the prosperity of the entire community.
- Create processes to ensure the Commission's monitoring and reporting policies and procedures are achieved.
- Create standards and periodically test tenant income and landlord rental rate compliance.
- Disclose the fair market value of donated real estate.

Audit of the Barnes Fund

BACKGROUND

The Metropolitan Housing Trust Fund Commission, hereafter referred to as the Commission, was created in 2013 to assist in "providing quality affordable housing." The Commission established the Barnes Fund to provide financial assistance in constructing new affordable housing units and/or rehabilitating existing ones. As of January 31, 2019, over \$27 million has been awarded to 17 non-profit groups from the Barnes Fund and over \$12 million expended since its inception.

OBJECTIVES AND SCOPE

The objectives of this audit are to determine if the Commission:

- Monitors program success and grantees to ensure objectives, as outlined in applicable grant agreements, are met.
- Processes provide assurance that Barnes Fund awards are awarded to qualified entities.
- Operational and financial results are accurate and reflect management's intent.

The scope of this audit is from July 19, 2013, Barnes Fund inception, through June 30, 2018.

WHAT WE FOUND

The Commission has developed systematic, methodical written policies and procedures, referred to hereafter as the *Housing Trust Fund Policies and Procedures*, to ensure applicants for projects meet established requirements to receive financing from the Barnes Fund. Grant drawdown requests were reviewed and monitored to ensure construction work was completed. However, the following were noted:

- The Commission is unable to demonstrate that it is operating the Barnes Fund in compliance with the *Housing Trust Fund Policies and Procedures*.
- Measures to monitor overall Barnes Fund program success have not been defined.
- Grant application process documentation was not consistently available.
- Formal controls to identify potential conflicts of interest did not exist.
- Monitoring for compliance with tenant income and landlord rental rate thresholds is not being conducted.
- Program progress and performance reports, as detailed within the *Housing Trust Fund Policies and Procedures*, are not being generated.
- Reports that are generated often contain inaccurate information.
- The fair market value of Metropolitan Nashville Government donated land is not reported.

APPENDIX A – MANAGEMENT RESPONSE AND 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.

Risk	Recommendation	Concurrence and Action Plan	Proposed Completion Date
<i>Recommendations for management of the Commission to:</i>			
H	<p>A.1 - Determine acceptable success measures to monitor that help ensure the Barnes Fund attracts investment and provides good quality affordable housing to boost the prosperity of the entire community.</p>	<p>Accept – Since the Barnes Fund was launched in 2013, the program has gone through a number of transitions. It was housed at The Housing Fund for 3 years before it moved to the Mayor’s Office under the Barry administration. The abrupt end of the Barry administration brought about personnel changes that interrupted the Barnes management. The program has been under Mayor Briley’s administration for 14 months and his leadership has established a firm foundation for the commission and staff to steward the fund. The program is now under solid management, implementing reporting and monitoring best practices in order to insure the best use of the public funds.</p> <p>Acceptable success measures will be discussed and determined through the strategic planning process the Metro Housing Trust Fund Commission is conducting throughout Q3 2019. The success measures will be outlined in the policies and procedures document that will be available on the Housing Trust Fund website.</p>	09/01/2019
M	<p>B.1 - Ensure conflicts of interest forms are signed by all parties involved in the application and award process.</p>	<p>Accept – All review committee members and commission members have signed COI forms for 2019. This will be standard operating procedure going forward. In the past, all reviewers and commissioners were cleared of conflicts of interest but there was no documentation for this informal process.</p>	05/01/2019
M	<p>B.2 - Develop procedures to ensure all grant application documents are received, retained, and the review of applicants’ proposals are documented.</p>	<p>Accept – Moving forward, the grant application documents will be received, retained, and reviewed in a manner that aligns with the procedures that will be published in the fall.</p>	06/01/2019

APPENDIX A – MANAGEMENT RESPONSE AND ACTION PLAN

Risk	Recommendation	Concurrence and Action Plan	Proposed Completion Date
H	C.1 - Develop a monitoring program that documents grantee requirements and program objectives such as tenant income levels, and the number of affordable housing units provided are achieved.	Accept – Grant agreements going forward have updated language to create additional reporting and monitoring of income levels and final outcomes.	<i>06/30/2019</i>
H	C.2 - Complete agreements with construction inspectors.	Accept – The agreement is in place and being currently operated within.	<i>04/15/2019</i>
H	D.1 - Ensure required annual reports are generated timely and accurately.	Accept – The Affordable Housing Program manager will deliver this annual report to the Commission and council in addition to making it publicly available.	<i>07/15/2019</i>
M	E.1 - Disclose the assessed value (i.e., fair market value) of all donated real estate using the assessed value from the Assessor of Property, or independent appraiser when circumstances justify the additional cost.	Accept – The Affordable Housing Program manager will make the assessed value of donated property available in the resolution passed by council.	<i>07/15/2019</i>
M	F.1 - Develop and implement a document retention policy for grant applications, Commission reviews of grant applications, and program monitoring documentation.	Accept - New document storage has been incorporated based on industry standards. Applicants will need to share confirmation of a competitive bidding process. Applicants will complete ongoing program progress reports and are subject to random audit of compliance.	<i>07/31/2019</i>



**A Report to the
Audit Committee**

Mayor
David Briley

Chair Board of Commissioners
Marielena Ramos

**Executive Director of Metro
Arts Commission**
Caroline Vincent

Audit Committee Members
John Cooper
Charles Frasier
Talia Lomax-O'dneal
Bob Mendes
Brackney Reed
Jim Shulman

**Metropolitan
Nashville
Office of
Internal Audit**

Audit of the Metropolitan Nashville Arts Commission

May 24, 2019
(Revised July 5, 2019)

Audit of the Metropolitan Nashville Arts Commission

EXECUTIVE SUMMARY

May 24, 2019

(Revised July 5, 2019)



Why We Did This Audit

The audit was conducted because the last audit performed was assessed as a medium risk in the annual Metro-wide audit inherent risk prioritization with \$3 million in vendor payments, and the last audit was completed in 2010.

What We Recommend

- Establish checklists to assist staff in applying procedures in the guidelines consistently.
- Enhance procedures during closeout to include some evidence of how funds were spent and performance evaluations.
- Establish documentation of conflicts of interest by all involved in the application review and award processes.

BACKGROUND

The Metropolitan Nashville Arts Commission (MNAC) or “Metro Arts,” exists to promote the study, participation in and appreciation of the visual, performing and literary arts. Also, the Commission provides information and recommendations to the Metropolitan Nashville Council and the Metropolitan Mayor with respect to the architectural design and aesthetics of public places and property. The Metropolitan Nashville Arts Commission accomplishes all the above through the administration of grants, the one percent Public Art funds, donated artwork, and community programs.

OBJECTIVE AND SCOPE

The objectives of this audit are to determine if the Metropolitan Nashville Arts Commission:

- Established and implemented its programs in accordance with Metropolitan Nashville Code of Laws, Tennessee Code Annotated, Commission’s Rules and Regulations, and its internal policies and guidelines.
- Followed Metropolitan Nashville Government fiscal policies in administering its programs.

The scope of the audit is all grant awards and public art projects funded during the fiscal years 2018 and 2017. Trend analysis was performed for financial data for fiscal years 2018, 2017, and 2016.

WHAT WE FOUND

The Metropolitan Nashville Arts Commission has qualified and dedicated management and staff and detailed guidelines for programs administered by the department. Generally, administered programs followed established guidelines, relevant Metropolitan Nashville Code of Laws, Tennessee Code Annotated, Commission’s Rules and Regulations, and its internal policies and guidelines. However, areas of concern exist as follows:

- Consistent demonstration of applying procedures are lacking.
- Documentation of conflict of interest is not prevalent and not always verifiable.
- Practical difficulties exist that impede adherence to the Commission’s Rules and Regulations as well as relevant Metropolitan Nashville Code of Laws.
- The one percent Public Art Fund computation did not include all eligible construction projects.
- Close-out procedures and evaluations did not include information to verify how funds were actually used.

APPENDIX A – MANAGEMENT RESPONSE AND ACTION PLAN

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

Risk	Recommendation	Concurrence and Action Plan	Completion Date
<i>Recommendations for management of the Metropolitan Nashville Arts Commission to:</i>			
M	A-1. Establish a process of reviewing the one percent for Public Art fund computations and identifying eligible construction projects in the Capital Spending Plan and all subsequent changes. This should include an interpretation of the Metropolitan Nashville Code of Laws § 5.10 to identify the elements of a construction project such as land that should and should not be included in the computations.	Accept: Metro Arts will establish a process for an independent analysis of the capital fund and Percent for Art allocation.	07/01/2020
M	A-2. Review computations for other fiscal periods not covered by this audit, to the extent Metropolitan Nashville Government Laws permit, to determine if all eligible projects were included in the computations.	Accept: Metro Arts will conduct a review of the computations from all previous Capital Spending Plans that contributed to the 1% for Public Art fund.	07/01/2020
M	A-3. Enhance close-out procedures and project evaluations with adequate documentation and verifiable information, including information about how the funds were spent (invoices for materials, other).	Accept: Staff will enhance the system for ensuring adequate documentation and close-out procedure are documented. This will include a more detailed project closeout checklist, which will require the signature of the project manager, and Public Art Manager before any final payments to the artist are processed. Material invoices and receipts will also be required from artists.	07/01/2020
M	A-4. Establish Public Art administration procedures or checklists to supplement the guidelines and evidence of review. Administration procedures or checklists will assist staff in knowing the forms of information or documentation that are required, including conflict of interest forms, and how to retain the same.	Accept: Staff will develop a public art project management checklist, which will be used from the start of each new public art project. The checklist will include documentation around artist selection, documentation of the selection process and conflict of interest forms. Digital copies of the checklist will be filed by the project manager and review by a designated staff person in charge of compliance. This staff person will be responsible for assisting project managers through the checklist process ensuring it is implemented as designed.	07/01/2020
M	A-5. Continue to work with Metropolitan Nashville Council members to identify suitable locations in their districts where public artworks can be installed.	Accept: Staff will continue to work with the Metropolitan Nashville Council members to identify suitable site for public artwork in their districts.	ongoing
M	B-1. Establish Grants administration procedures or checklists to supplement the	Accept: Metro Arts will establish administrative procedures or checklists for	07/01/2020

APPENDIX A – MANAGEMENT RESPONSE AND ACTION PLAN

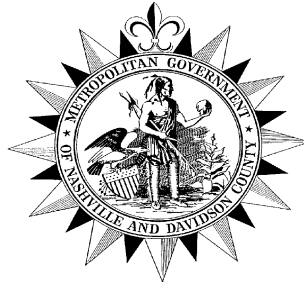
Risk	Recommendation	Concurrence and Action Plan	Completion Date
	<p>guidelines and evidence of review. Administration procedures or checklists will assist staff in knowing the forms of information or documentation that are required and how to retain the same.</p>	<p>grants/funding programs that provide evidence that guidelines were applied and followed by applicant.</p>	
M	<p>B-2. Communicate practical issues, situations, or events that can cause the Commission to be non-compliant to laws, rules, regulations, and guidelines. An example is the difficulty in creating a diverse board of directors within all organizations that receive Metro Arts Grants.</p>	<p>Accept: Metro Arts Staff will consult with Metro Legal and work with the Grants & Allocations Committee and the Board of Commissioners to assure our policies and practices align with the rules and regulations of the Charter and develop systems for tracking progress over time.</p>	07/01/2020
M	<p>B-3. Ensure annual documentation of conflict of interest forms for the Commissioners and all others involved in the award process are completed and retained for the specified retention period. Updates should be provided when situations change. Additionally, administrative procedures should include situations that create the appearance of a conflict of interest and influence and the requirements in such situations.</p>	<p>Accept: Staff will explore additional methods for collecting and storing Conflict of Interest statements for Commissioners and others involved in the award process to ensure they are completed and retained for the specified period. Commissioner’s statements will be collected at least twice annually. Furthermore, we will consult with Metro Legal about a revised conflict of interest statement that includes situations that involve perceived conflicts versus actual conflicts.</p>	07/01/2020
M	<p>C-1. Establish THRIVE program administration procedures or checklists to supplement the guidelines. The procedures or checklists should include lists of acceptable evidence that support requirements in the guidelines.</p>	<p>Accept: THRIVE guidelines will be amended to include a process for awardees to communicate project changes or deviations from project proposals. Staff will design and implement a process to monitor a selected percentage of projects. The existing closeout form will be reviewed and adjusted. The 80%/20% invoice process will be changed. All applicants will now be required to invoice on a 40%/40%/20% schedule and receipts for supplies may be required.</p>	07/01/2020
M	<p>C-2. Enhance THRIVE program close-out procedures and project evaluations with adequate documentation and verifiable information.</p>	<p>Accept: THRIVE guidelines will be amended to ensure staff have more time to dedicate to evaluating the eligibility and compliance of each THRIVE applicant. Guideline changes will also include staff monitoring to ensure funds are being spent appropriately and any THRIVE recipient who is not in compliance will lose their good standing status and will automatically lose points on any future application review. A second staff person will also assist the THRIVE program manager in reviewing applications to ensure guidelines are met.</p>	07/01/2020

APPENDIX A – MANAGEMENT RESPONSE AND ACTION PLAN

Risk	Recommendation	Concurrence and Action Plan	Completion Date
M	D-1. Continue to work with Metropolitan Nashville Council Members to identify suitable locations in their districts where public artworks can be installed.	Accept: Staff will continue to work with the Metropolitan Nashville Council Members to identify suitable sites for public art commissions in the respective districts.	ongoing
M	D-2. Move the Donated Artwork link from 'Resources and Toolkits' to 'Programs' on the Metro Arts website where it will be regarded as one of Metro Arts programs. Also, the Metropolitan Nashville Government should emphasize the need for Metro Arts to lead the donated arts review process until the final acceptance agreement.	Accept: The Donated Artwork Policy will be featured more prominently on the Metro Arts website. Staff will contact Metro Department Heads to remind them of the policy in place and explain how the policy works.	12/31/2019
M	D-3. Communicate practical issues, situations, or events that can cause the Commission to be non-compliant to laws, rules, regulations, and guidelines. An example is the difficulty in getting some Metropolitan Nashville Government departments and agencies to comply with the <i>Metropolitan Nashville Art Commission Donated Artwork Guidelines</i> .	Accept: As noted above, Metro Arts will reach out to Metro Department Heads to remind departments of the Donated Artwork Policy. Metro Arts will also work with the Mayor's Office to determine other ways in which to communicate our Metro-wide policies.	12/31/2019
M	E-1. Establish a system of tracking other assets purchased by the departments with schedule counts to ensure that these assets are safeguarded from theft and misuse.	Accept: Metro Arts will develop an asset tracking schedule and database.	07/01/2020
M	E-2. Adopt the system of recording employee benefit time as exception time in the Metropolitan Nashville Government JD Edwards EnterpriseOne system.	Accept: Metro Arts will begin to record benefit time in JD Edwards EnterpriseOne system, though it should be noted that this is currently tracked through internal systems, and all time is accounted for each employee based on a 40-hour work week. Assessed risk may be overstated.	07/01/2019
M	E-3. 3. Continue exploring the possibility of switching to an electronic attendance and leave tracking system. Kronos is the Metropolitan Nashville standard for time and attendance tracking and has licenses centrally managed by the Information Technology Services department.	Accept: Metro Arts has identified and implemented the HoneyBee Base system as an HR, time and attendance, and leave management software.	05/06/2019
M	E-4. Require that employees with both approval levels in payment workflow approval routes (i.e., primary level 1 and backup level 2 in payment approval workflow) in accounts payable not approve an invoice at both levels.	Accept: Metro Arts agrees with recommendation and has asked Metro Payment Services to adjust approval workflows to avoid approvers approving on 1 st and 2 nd levels. Additionally, Metro Arts has instituted new policies requiring program personnel to mark invoices as "okay to pay," and identified a designated staff person to send invoices to Metro Payment Services who is not an approver.	4/08/2019

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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>A.1 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>Reject Due to:</p> <ul style="list-style-type: none"> • 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. • 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. • 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. 	<p>N/A</p>
<p>A.2 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>Accept: 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.</p> <p>Affected employees completed training on 11/26/2018.</p>
<p>A.3 Ensure that credit for all reworks for Metropolitan Nashville Public School Sidewalk Projects are received by Collier Engineering, Inc.</p>	<p>Accept: 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.1 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>Accept: 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.2 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>Accept: 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>C.1 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>Partially Accept: 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

<p>C.2 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>Accept: 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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Office of Internal Audit Budget versus Actual
 GSD General Fund as of July 1, 2019
 FY 2019 Approved Budget

	FY 2019 Budget	Actual	Difference	Notes
Total Salaries & Fringe	\$ 1,140,700	\$ 979,273	\$ 161,427	
Other Expenses				
Professional & Purchased Services	248,000	123,038	124,962	
Building Rent Parkway Towers	55,500	51,293	4,207	\$4,580 per month
Other Expenses	71,900	39,051	32,849	
Internal Service Fees	50,000	50,000	-	Information Technology
* Budget Adjustment	(40,200)			
TOTAL EXPENSES	\$ 1,525,900	1,242,654	\$ 283,246	81 percent utilization
* Budget Adjustment	\$ 40,200	\$ 47,279	(7,079)	Open positions and FMLA without pay

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		FTE
	Audit Budget	Total Budget	
2008	\$ 500,000	\$ 1,477,000	34%
2009	231,000	1,481,600	16%
2010	112,000	1,262,000	9%
2011	234,000	1,359,800	17%
2012	165,000	1,265,400	13%
2013	156,200	1,277,900	12%
2014	60,200	1,179,300	5%
2015	45,100	1,214,900	4%
2016	75,100	1,290,400	6%
2017	125,100	1,382,900	9%
2018	248,000	1,545,700	16%
2019	248,000	1,566,100	16%

Metropolitan Nashville Office of Internal Audit

Executive Team

Gina Pruitt, Kraft CPAs

CPA | CITP, CISA, CHFP, CQA, CEMB,
CGMA, CRISC, CCSFP, CHCO

Interim Metropolitan Auditor

Project and Office Management Leadership

Lauren Riley

MAcc, CPA, CIA, ACDA

Principal Auditor

William (Bill) Walker

CPA, CIA, CFE

Principal Auditor

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

James Carson

MBA, CIA, CFE

Senior Auditor

Mary Cole

MAcc, CPA, CFE, CISA,

CGFM

Senior Auditor

Innocent Dargbey

MS-Finance, MBA,

CPA, CMFO

Senior Auditor

Laura Henry

MAcc, CFE

Auditor II

Nan Wen

MS-Info Sys, MS-

Acctg, CPA

Auditor II

(Vacant Position)

Auditor I

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**Metropolitan Nashville Office of Internal Audit
2019 Approved Work Plan Status as of July 1, 2019**

*Co-source	CY 2018 Audits In Progress	Hours	Actual
1	Planning Commission – Zoning Conditions Enforcement and Coordination with Public Works – Development Infrastructure Incentives (Issued Report)	200	401
2	General Government Employee Benefits Management (Reporting Phase)	550	577
3	Arts Commission (Issued Report)	200	472
4	Oracle R12 E-Business Suite / Taleo Implementation Project (Issued Report)	300	247
5	Metro General Government EEO-4 Diversity Regulatory Reporting (Issued Report)	100	277
6	Mayor’s Office – Barnes Fund for Affordable Housing (Issued Report)	100	204
CY 2019 New Audit Areas			
1-4*	Architectural and Engineering Vendor Audits – Four Vendor Audits	1600	246
5	Performance Audit of Public Works – Best Practices for Sidewalk, Paving, Traffic Engineering, Waste Management, Closed Landfill Monitoring, etc.	400	
6	Nashville Fire Department Fire Marshal Office Inspection Service and Life Safety Plan Reviews	800	425
7	Lobbyist Annual Disclosure vs. Campaign Finance Disclosures	600	321
8	Metro General Government Capital Project Construction Program (Need, Estimates, Approval, Contracting, Monitoring)	800	
9	General Services – Downtown Detention Center and the Behavioral Care Center Construction Project	800	
10	Election Commission Operations (See Information Technology Risk)	600	
11	Nashville General Hospital – Pharmacy Management	800	329
12	Municipal Auditorium	400	402
13	Hotel Occupancy Tax Audits – 2019	800	
14	Metropolitan Nashville Government Unusual Fuel Card Transactions Review	600	693
15	Metropolitan Nashville Government Collaboration with Nonprofit Entities	800	
16	Treasury Department – Collections Office	800	
17	Cooperative Purchases Best Practices	400	
18	Metropolitan General Government Infrastructure Participation Agreements Process	800	
Information Technology Risk			
19	Election Commission Information Systems	400	
20	Health Department – Information Technology Security Management and Governance	600	
Audit Recommendation Follow-up			
21	General Services Department - Fleet Management Audit Follow-Up	250	301
	Total Audit Services Budget	13,700	
	Total Audit Services Effort To Date		4,895

**Metropolitan Nashville Office of Internal Audit
2019 Approved Work Plan Status as of July 1, 2019**

	Summary	Budget	Actual
	Audit Services	13,700	4,895
	Investigation Services	1,500	140
	Special Projects	400	
	Total (27% of Budgeted Effort Used Toward Annual Plan)	18,600	5,035

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	X
AU2013-022	Industrial Development Board	2013	12	6	0	2	0	0	4	X
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	X
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	X
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**

Project Number	Audit Department List	Year	Month	Accepted	Rejected	Implemented	Accepts Risks	No Longer Applicable	Open	No Updates
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**

Meeting Date	Proposed Agenda Topics
February 12, 2019 (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 9, 2019 (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 25, 2019 (Tuesday)	<ul style="list-style-type: none"> • FY2018 External Audit plan and required communications • Internal Audit issued report discussion • Metropolitan Auditor performance review
September 10, 2019 (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 26, 2019 (Tuesday)	<ul style="list-style-type: none"> • Internal Audit issued report discussion • External Audit Comprehensive Annual Financial Report Audit Progress Executive Session
December 10, 2019 (Tuesday)	<ul style="list-style-type: none"> • External Audit Comprehensive Annual Financial Report • Internal Audit issued report discussion

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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)