

**METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON
COUNTY**



**METROPOLITAN NASHVILLE
AUDIT COMMITTEE**

WORKBOOK

June 23, 2020

*"Do the best you can until you know better.
Then when you know better, do better."
– Maya Angelou –*

METROPOLITAN NASHVILLE
METROPOLITAN AUDIT COMMITTEE MEETING AGENDA
June 23, 2020, 4:00 p.m.

This meeting will take place via teleconference and will be broadcast through the Metro Nashville Network, (MNN), on Nashville’s Comcast Channel 3, AT&T U-Verse Channel 99 and on the MNN Live Stream @stream.nashville.gov

- I. Call Meeting to Order (Brackney Reed – Committee Chairman)
- II. Approval of Minutes (Brackney Reed – Committee Chairman)
 - Approval of Minutes for April 22, 2020, meeting.
- III. New Business
 - Discussion on former Councilmember Erica Gilmore’s request for an audit of the Office of the Trustee received June 10, 2020. (Lauren Riley – Metropolitan Auditor)
 - Presentation of the Metropolitan Nashville Government Fiscal Year 2019 Letter of Recommendations to Management. (Crosslin)
 - External auditor presentation FY 2020 Financial Audit Communications. (Crosslin)
 - Discussion on the Audit of the Nashville Public Library Building Security issued May 29, 2020. (Lauren Riley – Metropolitan Auditor)
 - Tentative Discussion on the Audit of the Finance Department Treasury Collections Office. (Lauren Riley – Metropolitan Auditor)
 - Metropolitan Auditor’s annual performance review. (Brackney Reed – Committee Chairman)
- IV. Internal Audit Project Status (Lauren Riley – Metropolitan Auditor)
 - On-going projects
 - Recommendation implementation follow-up status
- V. Other Administrative Matters
 - FY2020 budget status (Lauren Riley – Metropolitan Auditor)
- VI. Consideration of Items for Future Meetings (Brackney Reed – Committee Chairman)
- VII. Adjournment of Public Meeting – Next Regular Meeting Tuesday, September 8, 2020.
- VIII. Call for a motion to enter executive session (Brackney Reed – Committee Chairman)
- IX. Executive Session Agenda – (Brackney Reed – Committee Chairman)
 - If needed, discussion of pending or ongoing audits or investigations. (Lauren Riley – Metropolitan Auditor)

METROPOLITAN NASHVILLE
METROPOLITAN AUDIT COMMITTEE MEETING AGENDA
June 23, 2020, 4:00 p.m.

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.

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
AUDIT COMMITTEE MEETING MINUTES
April 22, 2020

On Tuesday, April 22, 2020, at 4:00 p.m., the Metropolitan Nashville Audit Committee met via conference call due to the COVID-19 pandemic. The following people attended the meeting:

Committee Members

Brackney Reed, Chamber of Commerce
Charles Frasier, Tennessee Society of CPAs
Kevin Crumbo, Director of Finance
Zulfat Suara, Council Member
Thom Druffel, Council Member

Others

Bill Walker, Interim Metropolitan Auditor
Theresa Costonis, Department of Law
John Crosslin, Crosslin
Dell Crosslin, Crosslin
Jennifer Manternach, Crosslin
David Hunt, Crosslin
Phil Carr, Chief Accountant
Tim Townsend, State Trial Courts
Janet Hobson, Drug Court
Joe Werner, State Trial Courts
Lauren Riley, Office of Internal Audit
Nan Wen, Office of Internal Audit
Laura Henry, Office of Internal Audit
Seth Hatfield, Office of Internal Audit

Committee Member Absent

Jim Shulman, Vice Mayor

Quorum present? Yes

CALL MEETING TO ORDER

Mr. Reed called the meeting to order.

A **roll call** was conducted by Mr. Walker. The following members were in attendance:

- Brackney Reed
- Charles Frasier
- Kevin Crumbo
- Zulfat Suara
- Thom Druffel

A **motion** to conduct the meeting using a conference call format because it was necessary to protect the safety and welfare of Tennessean's due to the COVID 19 pandemic and to conform to Governor Bill Lee's Executive Order Number 6 was made, seconded and carried. Specifically, a roll call was conducted with the following votes:

- Brackney Reed - Yes
- Charles Frasier - Yes
- Kevin Crumbo - Yes
- Zulfat Suara - Yes
- Thom Druffel - Yes

APPROVAL OF MINUTES

Mr. Frasier noted that the April 14, 2020, meeting minutes incorrectly spelled John Cashmon's last name. Mr. Frasier requested it be changed.

A **motion** to approve the February 11, 2020, February 27, 2020, and April 14, 2020, meeting minutes as presented in the Metropolitan Nashville Audit Committee Workbook for April 22, 2020, with the correction noted, was made and seconded. A roll call was conducted with the following votes:

- Brackney Reed - Yes
- Charles Frasier - Yes
- Kevin Crumbo - Yes
- Zulfat Suara - Yes
- Thom Druffel - Yes

The motion carried.

Annual Election of Committee Chairman and Vice Chairman

A **motion** to name Mr. Reed the Metropolitan Audit Committee Chairman for the year was made and was seconded. A roll call was conducted with the following votes:

- Brackney Reed - Yes
- Charles Frasier - Yes
- Kevin Crumbo - Yes
- Zulfat Suara - Yes
- Thom Druffel - Yes

The motion carried.

A **motion** to name Mr. Frasier the Metropolitan Audit Committee Vice Chairman for the year was made and seconded. A roll call was conducted with the following votes:

- Brackney Reed - Yes
- Charles Frasier - Yes
- Kevin Crumbo - Yes
- Zulfat Suara - Yes
- Thom Druffel - Yes

The motion carried.

OLD BUSINESS

Discussion of Metropolitan Auditor position progress and next steps

Mr. Walker stated that on April 21, 2020, the Metropolitan Council approved naming Lauren Riley the next Metropolitan Auditor. Mr. Walker advised that the Metropolitan Audit Committee must set the start date, salary, and leave time for Ms. Riley. A discussion ensued about previous salaries and leave time, Human Resources's recommendations, experience, and expectations. A **motion** was made to set Ms. Riley's hiring letter with the following:

- a. Start date of May 4, 2020,
- b. Salary consistent with that of former Metropolitan Auditor Mark Swann on his last day as Metropolitan Auditor,

- c. Leave time consistent with that of former Metropolitan Auditor Mark Swann on his last day as Metropolitan Auditor.

The motion was seconded. Councilmember Suara asked about Mark Swann's experience when he began as Metropolitan Auditor. A discussion ensued about the consistency of the salary with experience level. A roll call was conducted with the following votes:

- Brackney Reed - Yes
- Charles Frasier - Yes
- Kevin Crumbo - Yes
- Zulfat Suara - Yes
- Thom Druffel - Yes

The motion carried.

Councilmember Druffel mentioned that the Metropolitan Council's discussion on April 21, 2020, indicated concerns with prior Office of Internal Audit management. A discussion ensued on concerns from the Metropolitan Council and addressing them going forward.

NEW BUSINESS

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

Mr. J. Crosslin and Ms. Manternach presented the Single Audit to the Committee. Mr. Frasier inquired about pending restitution. Ms. Manternach explained the pending restitution and how it would be repaid. Ms. Manternach noted it would be removed next year. Mr. J. Crosslin also noted how it would be reported until its full repayment even after being removed from the Single Audit.

A **motion** to approve the Fiscal Year 2018 Schedules of Expenditures of Federal and State Awards and Reports as required by the Single Audit Act was made and seconded. A roll call was conducted with the following votes:

- Brackney Reed - Yes
- Charles Frasier - Yes
- Kevin Crumbo - Yes
- Zulfat Suara - Yes
- Thom Druffel - Yes

The motion carried.

Discussion on the Architectural and Engineering Vendor Audits issued February 19, 2020

Ms. Riley gave an overview of the vendor audit reports issued. Mr. Frasier inquired about the use of "independently contracted employees" within the report. Ms. Riley advised this was agreed upon language with one of the contractors used. Mr. Frasier asked if the recommendations within the report would be followed-up on to determine implementation. Ms. Riley advised they would be included in implementation follow-up. Councilmember Suara stated that the outcome of the audits was much more procurement and process focused than anticipated. Councilmember Suara asked if the reports were supposed to look more at actual completion of work and work product by the vendors. Ms. Riley stated that the agreed upon audit program did not address completion of services and relied upon management's oversight

and knowledge that the work was completed. Councilmember Suara advised that a future audit of completion of services billed should be considered in the future.

Discussion on the Audit of the Drug Court of Metropolitan Nashville and Davidson County issued February 20, 2020

Ms. Riley summarized the scope, observations, and recommendations of the report. Mr. Frasier noted that many of the observations are significant, and he inquired if the Drug Court had an appropriate person in the accounting and fiscal management position. Ms. Hobson, Mr. Werner, and Mr. Townsend discussed the budget and work that is required of the Drug Court. They discussed the steps being taken to remediate the observations as well as comply with Metropolitan Nashville policies. Committee members expressed their appreciation for the work done by the Drug Court. Councilmember Suara inquired about the use of money orders by residents of the Drug Court. Ms. Hobson explained the process for residents that work in the community and the need for them to obtain money orders.

Discussion of the East Magnet Concessions Investigation issued March 5, 2020

Mr. Walker gave an overview of the allegation, work performed, and outcome of the investigation performed. No further questions were asked.

Discussion of the Metropolitan Nashville Public Schools Conflict of Interest Investigation issued April 6, 2020

Mr. Walker gave an overview of the allegation, work performed, and outcome of the investigation performed. No further questions were asked.

INTERNAL AUDIT PROJECT STATUS

On-going projects

Mr. Walker presented the current status of projects that the Office of Internal Audit is completing. Councilmember Druffel inquired about the length of time the planning phase takes. Mr. Walker explained the variable time frames of the different audit phases based on the scope of the audit. Councilmember Druffel stated the capital project related audits may be useful during Metropolitan Council budgeting. Mr. Walker and Ms. Riley advised that the two capital project related audit should be completed before the fall.

Recommendation Implementation Follow-Up Status

Ms. Riley explained that letters were sent out to departments on behalf of the Audit Committee and what the letters contained. Ms. Riley stated the initial response to the letters has been good, and that follow-up with departments that have not responded will begin in the next week.

OTHER ADMINISTRATIVE MATTERS

Mr. Walker discussed the 2020 budget status for the Office of Internal Audit.

Mr. Crumbo notified the Committee that he may need to have some special called meetings in the future to discuss Internal Audit completing projects around funding for current events. Mr. Reed noted that Ms. Costonis may be needed to determine how the Audit Committee will fulfill the requirement of doing a performance evaluation of the Metropolitan Auditor.

The next regularly scheduled meeting is June 23, 2020, at 4:00 p.m.

The public meeting adjourned after approximately 1 hour and 30 minutes.

* * * * *

The minutes for the April 22, 2020, Metropolitan Nashville Audit Committee meeting are respectfully submitted.

Lauren Riley, Metropolitan Nashville Auditor
Secretary, Metropolitan Nashville Audit Committee

Erica Gilmore Trustee Elect

Erica Gilmore
PO Box 22277, Nashville, TN 37202
erica.gilmore@gmail.com

June 19, 2020

Ms. Lauren Riley
Metropolitan Auditor
Office of Internal Audit
Metropolitan Government of Nashville and Davidson County
PO Box 196300
Nashville, TN 37219-6300

Re: Requested Audit of Trustee's Office

Dear Ms. Riley:

Pursuant to conversations and email communications with the Office of Internal Audit, this correspondence is to request an audit of the Office of the Trustee of Metropolitan & Davidson County.

The Trustee's Office is in transition due to the most recent election. Before, I, Erica Gilmore, Trustee Elect begin my oversight of this office, I am requesting a financial and operational audit of the Trustee's Office to aid in the transition and to provide me with an objective assessment of the financial status and the processes and procedures of the organization. This requested audit will allow me to more effectively understand and evaluate the effectiveness and efficiency of the Trustee's operations and make any necessary improvements going forward.

I would also request that this audit include a review of the internal control processes of billing and collection processes, user security privileges of tax management, control activities to mitigate risk, procedures for collection of check, remittances recorded within the time frame recommended by COSO-Principle 16, succession plan, compliance officer position, and succession plan. If anything further is needed to begin this audit, please advise.

Kind regards,

Erica Gilmore

Erica Gilmore
Trustee Elect

Audit of the Nashville Public Library Building Security

EXECUTIVE SUMMARY

May 29, 2020



Why We Did This Audit

The audit was conducted due to the importance of ensuring the safety of library patrons and employees and the security of valuable library collections.

What We Recommend

- Develop and implement policies and procedures in the valuable items storage management process and consider insuring the additional high value items.
- Tighten controls over badge access for terminated personnel.
- Enhance management oversight on record retention.

BACKGROUND

The mission of the Nashville Public Library is to inspire reading, advance learning, and connect the community. The library values extraordinary customer service, love of reading, lifelong learning, intellectual freedom, innovation, excellence, and inclusiveness. The Nashville Public Library system consists of a main library in downtown Nashville and 20 other branches across Nashville and Davidson County. The main library building was built in 2001 with 300,000 square feet. The annual operating budget for fiscal years 2017, 2018, and 2019 was around \$31 million per year.

OBJECTIVES AND SCOPE

The objectives of this audit are to determine if:

- Controls are in place to ensure the safety of patrons and employees.
- Controls are in place to track and safeguard special collections and other valuable assets from theft or vandalism.
- Procedural safeguards and response plans for natural and man-made disasters are in place.

The scope of this audit included all activity from January 1, 2017, to December 31, 2019.

WHAT WE FOUND

The Nashville Public Library has controls in place to ensure a safe work environment for employees and safety of patrons. There are policies and procedures in place to ensure library building security, valuable asset safety, and disaster responsiveness.

However, badge access for terminated employees, volunteers, and library foundation staff was not removed timely. Additionally, there were no policies in place to give guidance on what should be considered as valuable items requiring safe storage in special collections or archives in the Nashville Public Library.

GOVERNANCE

The Public Library Board was established by the Metropolitan Government of Nashville and Davidson County Charter to control and govern all activities in the Nashville Public Library system. According to the Metropolitan Charter Section 11.1202, the board consists of seven members, to be appointed by the mayor and confirmed by a majority of the whole membership of the Metropolitan Council. The Public Library Board has direct charge of the public library system. For proper administration of the public library, a chief librarian and director is appointed by the board, and he or she administers the operation of the library system.

BACKGROUND INFORMATION

The Nashville Public Library system consists of a main library in downtown Nashville and 20 other branches across Nashville and Davidson County. Due to its downtown location, patron population variety, and valuable collections, the main library is equipped with a security crew of seven security officers, including the manager and two contracted, full-time security guards from G4S. Eight of the branches have a full time or part time security guard primarily working during the afternoon.

The main building has three floors open to the public. All windows in the library building are closed and locked. The only entrances to the main building are from the parking garage door and the three main entrance doors. Patrons can only take the stairs in the middle of the building or take the public elevator beside the stairs. There are four emergency exits in the building. The doors to the courtyard are locked when dark outside or at 6:00 p.m. daily, whichever is earlier. The main building has the most valuable collections and is equipped with fire and burglar alarms. A security camera monitoring system is used at all library branches in the library system.

Security guards play an important role in ensuring the safety of patrons and employees and monitoring the security of the main building. Security rotates hourly to patrol all three floors with public access. Guards use a checklist, called a Daily Officer Log, to check off and look for any unusual activities throughout the building. Security guards issue suspension forms to patrons who violate the rules barring recipients from the library for a period ranging from a few days to a year. A suspended patrons list is updated weekly by the main library and is provided to all other branches so library staff may recognize the patrons. Exhibit A displays the top ten patron violation categories by occurrence.

Exhibit A – Top Ten Library Patron Violations by Category (10/01/2018 – 01/29/2020)

Violation	Occurrences
Creating loud noises or disturbances	106
Suspended patron entering library premises	91
Intentionally engaging in harassing or threatening behavior	82
Sleeping or placing head on table	54
Intentionally damaging or stealing property (misdemeanor)	47
Alcohol, food, and covered drinks	29
Physical assault	27
Bringing any firearm or weapon onto library premises	18
Engaging in sexual conduct	18
Directing a specific threat of physical harm	16
Violation of federal, state, or local laws	16

Source: Nashville Public Library (Time period based on system availability)

The Nashville Public Library has mechanisms to track lost items to help management decide on security measures, such as the use of security doors and magnetic security strips on valuable collection items. Exhibit B illustrates the top ten missing items by amount and by percentage.

Exhibit B – Top Ten Missing & Empty Case Items by Amount (07/05/2017 – 12/31/2019)

Location	Total Amount	Missing & Empty Case	Percentage
Adult Movie	\$1,881,178	\$130,621	6.94
Adult Reference	1,098,155	76,209	6.94
Adult Non-Fiction	4,826,670	74,844	1.55
Adult Fiction	2,329,692	53,052	2.28
Adult Audio Book	1,605,630	39,999	2.49
Kids Movie	437,385	23,735	5.43
Kids Non-Fiction	1,895,364	21,499	1.13
Adult Music	288,920	18,328	6.34
Kids Easy	1,426,122	17,391	1.22
Teen Comic/Graphic	394,715	12,965	3.28

Source: Nashville Public Library (Time period based on system availability)

OBJECTIVES AND CONCLUSIONS

1. *Are controls in place to ensure the safety of the patrons and employees?*

Generally, yes. The Nashville Public Library had established policies and controls to address a variety of patron behaviors and issues. Additionally, policies to educate and train employees on providing a safe environment for both patrons and staff were documented. Processes were in place to ensure that patrons and staff had access to the appropriate areas, while keeping valuable assets tracked and safe.

The Nashville Public Library had controls in place around personnel electronic badge access to the building. There were procedures in the new hire process to ensure the user access to certain building areas were based on job function and needs. However, badge access control over terminated employees, volunteers, and library foundation staff could be enhanced. (See Observation B.)

Strong controls were over library security to ensure the safety of patrons and employees. Procedures covered security crew functions, and responsibilities were well implemented. However, opportunities exist to strengthen controls on daily officer log documentation retention. (See Observation C.)

2. *Are special collections and other valuable assets tracked and safe guarded from theft or vandalism?*

Generally, yes. Controls were in place to ensure valuable assets in the library were tracked and kept safe. A sample of valuable items was randomly selected from the lists provided by special collections, Metro Archive, and library administration. Items were reviewed and independently confirmed. No discrepancies between the items on the list and the physical existence were noted. However, there were no policies and procedures addressing where items should be stored (i.e. the safe or safe room) or what items should be on the insurance list. (See Observation A.)

3. *Are there procedural safeguards and response plans for natural and man-made disasters?*

Yes. Well established controls and comprehensive procedures were in the library system to ensure the responsiveness of personnel and the safety of patrons and employees during unforeseen situations. Two library branches randomly selected were visited, personnel were interviewed, and safety and security measures were reviewed. No insufficiency of safety measures or violation of the security policies was noted.

AUDIT OBSERVATIONS

Internal control helps entities achieve important objectives and sustain and improve performance. The Committee of Sponsoring Organizations of the Treadway Commission, *Internal Control – Integrated Framework (COSO)*, enables organizations to effectively and efficiently develop systems of internal control that adapt to changing business and operating environment, mitigate risks to acceptable levels, and support sound decision making and governance of the organization. The audit observations listed are offered to assist management in fulfilling their internal control responsibilities.

Observation A – Valuable Items in Special Collection & Archive

Potentially high value items were secured in the special collection’s safe room with limited staff access. The Metro Archives also used a safe to protect their valuable items. Estimated values were not assigned to items in the special collection’s safe room, and only some of the items in the Metro Archives safe had an estimated value. None of the items in the special collection’s safe room and Metro Archive’s safe were placed on the Nashville Public Library insurance list. In the event of a natural or manmade disaster, items may not be easily valued, repaired, or replaced. Valuing and insuring items could provide financial assistance to replace items in the collection.

Additionally, the safe and safe room had limited space. Without policies to provide staff guidance on what items should be put into the safe room or safe, there is a risk of running out of secured space.

Assessed Risk Rating:

High

Criteria:

- *COSO, Control Activities—Principle 10—*The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.
- *COSO, Control Activities—Principle 12 –* The organization deploys control activities through policies that establish what is expected and procedures that put policies into action.

Recommendations for management of the Nashville Public Library to:

1. Develop and document criteria to value all items in the special collection and Metro Archives areas. Consider insuring high value or rare items.
2. Develop and document criteria to prioritize storage of special collection and Metro Archives items in secured areas.

Observation B – Badge Access on Terminated Workers

A comparison of active badges with a list of current employees, volunteers, and library foundation staff was completed. A total of 69 individuals had active badges but were not current workers. Of the total active badges, 30 were employees, 19 were volunteers, and 20 were library foundation staff. Lack of controls over terminating badges increases the risk of unauthorized access which may affect the security of the building and the safety of employees.

Criteria:

- *COSO, Control Activities—Principle 10—*The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.

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.

	Recommendations	Concurrence and Action Plan	Proposed Completion Date
<i>Recommendations for management of the Nashville Public Library to:</i>			
H	A.1 - Develop and document criteria to value all items in the special collection and Metro Archives areas. Consider insuring high value or rare items.	Accept - NPL will take an annual inventory of the items in both Metro Archives and Special Collections. Additionally, NPL will request the items of value be added to NPL's Special Insurance Rider. NPL will request help from Metro Law Department, Division of Insurance & Claims to find the appropriate vendor for appraisal.	September 30, 2020
H	A.2 - Develop and document criteria to prioritize storage of special collection and Metro Archives items in secured areas.	Accept - NPL will develop criteria for all high value or rare items to be secured in locked storage rooms that have limited access by staff or a safe in a secured storage room. All high value items will be properly inventoried annually or by-annually to ensure the safety of the items.	September 30, 2020
M	B.1 - Establish procedures to ensure badge access is terminated when the associated worker leaves the Nashville Public Library system. Procedures should include routine comparisons of active badges to current staff listings.	Accept - NPL will develop procedures that quarterly compare current badge access holders to current NPL and NPLF employee and volunteer rosters. When notified by either NPL or NPLF or Volunteer Services staff of a resignation, termination or retirement, the employee or volunteer's badge access should be terminated on their last official day at work.	June 30, 2020
L	C.1 - Establish a retention schedule and maintain supporting documentation for the required period.	Accept - NPL will establish procedures for retaining Security Guard logs and work with Metro Records for proper retention schedule. Logs will be kept for the current and last fiscal year on NPL premises. Logs older than two years will be sent to Metro Records with appropriate retention and destruction schedule.	June 30, 2020

APPENDIX B – ASSESSED RISK RANKING

Observations identified during the course of the audit are assigned a risk rating, as outlined in the table below. The risk rating is based on the financial, operational, compliance or reputational impact the issue identified has on the Metropolitan Nashville Government. Items deemed “Low Risk” will be considered “Emerging Issues” in the final report and do not require a management response and corrective action plan.

Rating	Financial	Internal Controls	Compliance	Public
HIGH	Large financial impact >\$25,000 Remiss in responsibilities of being a custodian of the public trust	Missing, or inadequate key internal controls	Noncompliance with applicable Federal, state, and local laws, or Metro Nashville Government policies	High probability for negative public trust perception
MEDIUM	Moderate financial impact \$25,000 to \$10,000	Partial controls Not adequate to identify noncompliance or misappropriation timely	Inconsistent compliance with Federal, state, and local laws, or Metro Nashville Government policies	Potential for negative public trust perception
LOW/ Emerging Issues	Low financial impact <\$10,000	Internal controls in place but not consistently efficient or effective Implementing / enhancing controls could prevent future problems	Generally complies with Federal, state, and local laws, or Metro Nashville Government policies, but some minor discrepancies exist	Low probability for negative public trust perception
Efficiency Opportunity	An efficiency opportunity is where controls are functioning as intended; however, a modification would make the process more efficient			

**Metropolitan Nashville Office of Internal Audit
Audit Project Status
As of June 17, 2020**

Audit Plan Year February 2020 to January 2021 Projects	Planning	Fieldwork	Report	Report Phase	
				Draft	Final
1) A&E External Audit Support (4 Vendor Reports)					Feb-20
2) State Trial Courts - Drug Court 4					Feb-20
3) General Services - Downtown Detention Center Construction			✓	Apr-20	
4) Metro Nashville Collaboration with Nonprofit Entities			✓	Jun-20	
5) Treasury Department - Collections			✓	May-20	
6) Election Commission Operations		✓			
7) Library Building Security					May-20
8) Election Commission Information Systems (Outsourced to KraftCPAs)		✓			
9) Metro Nashville Public Schools - Capital Projects Program		✓			
10) Hotel Tax Audits (Ongoing)					
11) Juvenile Court Clerk Cash Collections and Trust Management	✓				
12) Beer Board	✓				
Completed Investigations					Final
1) MNPS East Magnet Concessions					Apr-20
2) MNPS Conflict of Interest					Apr-20
Metro Integrity Line Alerts - February 2020 to February 2021			Total	Closed	Pending
Metro Hotline Alerts (Fraud, Waste, & Abuse)			1	1	0

Note: Goal to complete 17 audit projects for Plan Year 2020. Currently 3 audit projects (including 4 vendor audits) are completed, 4 hotel audits are completed, and 3 audit projects are in the draft report phase.

**Metropolitan Nashville Office of Internal Audit
2020 Recommended Work Plan Status
As of June 17, 2020**

*Co-source	CY 2019 Audits In Progress	Budget	Actual
1	General Services - Downtown Detention Center and the Behavioral Care Center Construction Project	200	606
2	Metropolitan Nashville Public Schools - Capital Projects Program (Need, Estimates, Approval, Contracting, Monitoring)	800	896
3*	Election Commission Operations and Information Systems	800	415
4	Treasury Department - Collections Office	300	632
5	Metropolitan Nashville Government Collaboration with Nonprofit Entities	600	415
6	Library – Building Security	150	303
7	Davidson County Drug Court	0	9
CY 2020 New Audit Areas			
1	Beer Permit Board	400	82
2	Metropolitan Nashville Employee Benefit Board Pension Investments	800	
2	Emergency Communications Center	600	
4	Juvenile Court Clerk Cash Collections and Trust Management	600	211
5	Metro Water Services - Storm Water Billing and Revenue Collection	600	9
6	Fund Restrictions, Commitments, and Assignments	800	
7	Metro Nashville Police Department Fiscal Management	800	
8	Departmental Fuel Card Management	600	
9	Barnes Fund Operations and Follow-Up	800	
10	Public Works Revenue Collections	600	
11	Office of Internal Audit Peer Review	100	
12	Hotel Occupancy Tax Audits – 2020	400	122
Information Technology Risk			
13*	Enterprise Assessment of Departmental Information Security	400	
14*	Health Department – Information Technology Security Management and Governance	200	
Audit Recommendation Follow-up			
15	Recommendation Implementation Follow-Up Audits	800	
	Total Audit Services	11,350	3,700

Total Recommended 2020 Audit Services Effort		Budget	Actual
	Audit Services	11,350	3,700
	Investigation Services	1,500	532
	Special Projects	400	29
	Unforeseen Requests	800	
	Total	14,050	4,261

Implementation Status Update as of June 19, 2020

Audit Department List	Year	# Accepted	Open Recs As of 3/1/2020	Response Received	Open Recs After Response	Implementation Notes
Information Technology Services Telecom Services (CONFIDENTIAL)	2013	13	1	X	0	
Industrial Development Board	2013	6	1	X	1	Policy to be approved at next IDB meeting (delayed due to pandemic)
Assessor's Office	2014	14	3	X	3	Revised completion date of December 2021 due to system implementation
Historic Zoning and Historical Commission Work Force	2015	7	1	X	1	Contingent on budget funding (not included in FY21 budget)
Parks and Recreation Maintenance Division	2015	2.5	1	X	1	Contingent on budget funding (not included in FY21 budget)
Assessor of Property	2017	4	1	X	0	
General Government Occupational Safety Program	2017	24	23	X	23	Legislation drafted but contingent on budget funding
DCSO Information Technology Security Practices (CONFIDENTIAL)	2017	45	28	X	2	Delayed due to creation of MOU with ITS for implementation
Finance Department Procurement And Business Assistance Office	2018	13	4	X	2	On track to implement by estimated dates; action plans in place
MDHA Development Incentives	2018	16	5	X	0	
ITS Software Asset Management	2018	4	1	X	1	On track to implement by revised date of 2021
Nashville General Hospital Procurement-To-Pay	2018	11	11	X	4	Action plans in place to complete the remaining recommendations
Metro Water Services Fire Hydrant Inspections	2018	10	1	X	1	On track to implement by estimated date 6/30/2020
Metro Nashville Public Schools Financial Matters	2018	2	1	X	0	
Arts Commission	2019	17	12	X	1	On track to implement by estimated date; action plan in place
Development Conditions	2019	5	5	X	5	On track to implement depending on budget funding
Metro General Government Benefits	2019	4	3	X	3	On track to implement by original estimated dates
Metro Clerk Lobbyist Disclosures	2019	3	3	X	1	On track to implement by estimated date
Municipal Auditorium	2019	6	6	X	0	
Fire Marshal's Office	2019	10	10	X	2	Remaining recommendations to be implemented mid-late 2020
NGH Pharmacy Operations	2019	17	17	X	3	Remaining recommendations in finalization phase
Cooperative Purchases Best Practices	2019	3	3	X	0	
Davidson County Drug Court	2020	16	16	X	1	Final recommendation to be implemented in July 2020
Architectural & Engineering Vendor Audits	2020	11	NA	NA	7	*Were not included in latest implementation follow-up
Public Library Security	2020	4	NA	NA	4	*Were not included in latest implementation follow-up
			157		66	

Office of Internal Audit Budget versus Actual
GSD General Fund as of June 17, 2020
FY 2020 Approved Budget

		FY 2020 Budget	Actual	Difference	Notes
Total Salaries & Fringe		\$ 1,189,900	\$ 762,709	\$ 427,191	
Other Expenses					
Professional & Purchased Services		\$ 248,000	\$ 118,779	129,221	
Building Rent Parkway Towers		\$ 55,500	\$ 46,897	8,603	
Other Expenses		\$ 71,900	\$ 28,864	43,036	
Internal Service Fees		\$ 49,800	\$ 49,800	-	Information Technology
*Budget Adjustment		\$ (40,200)			
TOTAL EXPENSES		\$ 1,574,900	1,007,049	\$ 567,851	64% of budget used to date

* Budget Adjustment		\$ 40,200	On track to meet targeted savings through open positions and FMLA without pay.
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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	1,566,100	16%	10

Metropolitan Nashville Office of Internal Audit

Executive Team

Lauren Riley

MAcc, CPA, CIA, ACDA, CMFO
Metropolitan Auditor

Project and Office Management Leadership

(Vacant Position)

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

**METROPOLITAN NASHVILLE AUDIT COMMITTEE
2020 MEETING PLAN**

Meeting Date	Proposed Agenda Topics
February 11, 2020 (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 14, 2020 (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 23, 2020 (Tuesday)	<ul style="list-style-type: none"> • FY2019 External Audit plan and required communications • Internal Audit issued report discussion • Metropolitan Auditor performance review
September 8, 2020 (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 24, 2020 (Tuesday)	<ul style="list-style-type: none"> • Internal Audit issued report discussion • External Audit Comprehensive Annual Financial Report Audit Progress Executive Session
December 8, 2020 (Tuesday)	<ul style="list-style-type: none"> • External Audit Comprehensive Annual Financial Report • Internal Audit issued report discussion

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

Call 877-270-8334

or

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



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)