



**METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY
OFFICE OF INTERNAL AUDIT**

Professional Audit and Advisory Service

AUDIT REPORT

**Financial Control and Compliance Audit
of the Metropolitan Government of
Nashville and Davidson County Arts
Commission**

Date Issued: October 25, 2007

Office Location and Phone Number

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*The Office of Internal Audit is an independent audit agency reporting directly to the
Metropolitan Audit Committee*

EXECUTIVE SUMMARY

October 25, 2007

Financial Control and Compliance Audit of the Metropolitan Government of Nashville and Davidson County Arts Commission

Results in Brief	Recommendations
<p data-bbox="235 394 805 491">We performed a financial control and compliance audit of the Arts Commission. Key audit objectives and conclusions follow:</p> <ul data-bbox="284 531 805 659" style="list-style-type: none"><li data-bbox="284 531 805 659">• Did the Art Commission comply with the Metropolitan Nashville Arts Commission FY 2007 Grant Guidelines? <p data-bbox="332 699 813 926">Yes. No material weaknesses, significant issues or control observations were noted. Controls and processes are in place to ensure grants are processed in accordance with the Arts Commission's grant guidelines.</p> <ul data-bbox="284 968 781 1096" style="list-style-type: none"><li data-bbox="284 968 781 1096">• Do department administrative practices comply with Civil Service Rules related to attendance, leave, and special pay provisions? <p data-bbox="332 1136 727 1232">Yes. No material weaknesses, significant issues or control observations were noted.</p> <ul data-bbox="284 1274 805 1434" style="list-style-type: none"><li data-bbox="284 1274 805 1434">• Do department administrative practices comply with Department of Finance administrative directives for procurement of material, services, and travel? <p data-bbox="332 1474 727 1570">Yes. No material weaknesses, significant issues or control observations were noted.</p>	<p data-bbox="846 394 1403 457">No material weaknesses, significant issues or control observations were noted.</p>

OFFICE OF INTERNAL AUDIT

**METROPOLITAN GOVERNMENT
OF NASHVILLE AND DAVIDSON
COUNTY**



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October 25, 2007

Director
Arts Commission
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This is our report on the financial control and compliance audit of the Metropolitan Government of Nashville and Davidson County Arts Commission.

I appreciate the courtesies and cooperation extended to us during the audit.

Mark S. Swann

MARK S. SWANN, CPA - TEXAS, CIA, CISA
Metropolitan Auditor
Metropolitan Government of
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Copy: Mayor Karl Dean
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INTRODUCTION

ARTS COMMISSION

The mission of the Arts Commission is to provide arts resources, public art and arts leadership products to artists, arts organizations, and Davidson County residents and visitors so they can experience an enriched quality of life through the arts. The Arts Commission carries out its mission with the wide-spread involvement of many volunteers, commission members, a staff of six, and operating budget of \$2.6 million for fiscal year 2007. The operating budget includes funding to administer a sizable city grant program that has grown significantly in recent years. During fiscal year 2007, approximately \$2 million was awarded.

BACKGROUND

The Arts Commission's goals in awarding grants to arts organizations and programs include the following:

- Strengthen the development and growth of existing and new arts organizations
- Increase the availability of high quality and diverse arts programming
- Encourage the creation of original works of art
- Seek out and support exemplary forms of artistic expression that reflect the diverse racial, ethnic, and cultural identities of Nashville's residents
- Promote accessibility to the arts
- Encourage artistic groups to enter into creative partnerships and other collaborative ventures

The Arts Commission also manages the Metropolitan Government of Nashville and Davidson County's (Metro) public art program which was established by the passage of a bill creating the public art ordinance announced on March 24, 2000, by the Mayor and adopted on May 16, 2000, as BL2000-250 by the Metro Council. The ordinance dedicates one percent of the net proceeds of any general obligation bond issued for construction projects to fund public art.

The purpose of the public art program is to strengthen the positive reputation of the community, enhance the civic environment, and enrich the lives of citizens and visitors through the involvement of professional artists to integrate public artwork throughout Metropolitan Nashville and Davidson County.

OBJECTIVES AND CONCLUSIONS

Did the Art Commission comply with the Metropolitan Nashville Arts Commission FY 2007 Grant Guidelines?

Yes. No material weaknesses, significant issues or control observations were noted. Controls and processes are in place to ensure grants are processed in accordance with the Arts Commission's grant guidelines.

Do department administrative practices comply with Civil Service Rules related to attendance, leave, and special pay provisions?

Yes. No material weaknesses, significant issues or control observations were noted. Controls and processes are in place to ensure employee attendance, leave, and special pay are recorded accurately, timely and in accordance with Metro's procedures and management's authorization.

Do department administrative practices comply with Department of Finance administrative directives for procurement of material, services, and travel?

Yes. No material weaknesses, significant issues or control observations were noted. Controls and processes are in place to ensure acquisition of material, services, and travel are processed completely, accurately, timely and in accordance with Metro's procedures and management's authorization.

GENERAL AUDIT INFORMATION

STATEMENT OF COMPLIANCE WITH GAGAS

We conducted this performance audit from August to September 2007 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our observations and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our observations and conclusions based on our audit objectives. Our audit included tests of management controls that we considered necessary under the circumstances.

SCOPE AND METHODOLOGY

The audit period focused primarily on the period July 1, 2006 through June 30, 2007 financial balances, transactions, and performance on the processes in place during the time of the audit. Certain analyses required the consideration of financial results, performance, and operations outside that time period.

The methodology employed throughout this audit was one of objectively reviewing various forms of documentation, including written policies and procedures, financial information and various forms of data, reports and information maintained by the Arts Commission's administrative office. Management, administrative and operational personnel, as well as personnel from other Metro departments and other stakeholders were interviewed, and various aspects of the Arts Commission were directly observed.

CRITERIA

In conducting this audit, the existing Arts Commission operations and processes were evaluated for compliance with:

- Metropolitan Nashville Arts Commission FY 2007 Grant Guidelines
- Department of Finance Financial Policy for Procurement
- Department of Finance Financial Policy for Procurement Card
- Department of Finance Financial Policy for Travel
- Metro Civil Service Rules for Attendance and Leave (Chapter 4)
- Metro Civil Service Rules for Special Pay Provisions (Chapter 5, Section 7)

STAFF ACKNOWLEDGEMENT

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