



*METROPOLITAN GOVERNMENT OF NASHVILLE
AND DAVIDSON COUNTY*

INTERNAL AUDIT SECTION

Professional Audit, Advisory, and Consulting Services

AUDIT COMMITTEE REPORT TO COUNCIL 2006

Date Issued: May 16, 2006

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*METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON
COUNTY*

OFFICE OF INTERNAL AUDIT

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**BILL PURCELL
MAYOR**

**METROPOLITAN
GOVERNMENT OF
NASHVILLE AND DAVIDSON
COUNTY**



**DEPARTMENT OF FINANCE
INTERNAL AUDIT SECTION**

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May 16, 2006

Members of the Metropolitan Council
Metropolitan Government of Nashville and Davidson County
Metro City Hall
225 Polk Avenue
Nashville, TN 37203

Annual Report to Council

Dear Members of the Metropolitan Council:

The Metropolitan Council Audit Committee is presenting its condensed annual report to the Metropolitan Council highlighting some of the audit and other work completed during the 2005-2006 fiscal year, and reporting the implementation status of previously completed projects. This year the Audit Committee has included Vice Mayor Howard Gentry, Council Members Michael Craddock and Tommy Bradley, and Brack Reed, who represents the Chamber of Commerce. I have continued to represent the Tennessee State Society of CPA's. Please feel free to contact any Audit Committee member about the contents of this report or about any audit matter.

Performance Audits Completed in Previous Years

Prior to last year this report included brief comments about the status of implementing audit recommendations issued in previous years. In order to provide you with more information about the benefits Metro continues to receive from Internal Audit, we are forwarding an attachment that includes a one-page summary for each audit issued since 2001. These implementation summaries include a brief description of the more significant recommendations implemented, in process of being implemented, or not implemented, as well as a summary of the recommended and actual financial impact.

May 16, 2006
Council Members

We are also continuing to provide you with a summary of the 'return on investment' from the cost of audits performed by consultants directed by Internal Audit. We compared this cost to the actual savings and/or additional revenues realized through implementation of audit recommendations. The return on investment of over 1,000% was based on cumulative actual savings and additional revenues of over \$52 million realized since 2001.

Performance Audit and Other Projects Completed in Fiscal Year 2006

Internal Audit managed the performance audits and issued reports of Radio Communications Services, Occupational Health and Safety, and the Juvenile Court System. These reports, along with other reports issued in this and previous years, can be found at Internal Audit's web site at Nashville.gov.

Last year the Audit Committee requested the Charter Revision Commission to consider recommending a Charter Amendment that would create the Metropolitan Government's first truly independent audit function. The charter revision request followed several months of work the Audit Committee began in July 2004 that culminated in a draft of proposed Charter language submitted to the Charter Revision Commission for consideration. This Charter Amendment recommendation, which was unanimously approved by the Metropolitan Council Audit Committee last year and has the support of Mayor Purcell, could prove to be the most important accomplishment in 2006 if passed in an upcoming general election.

Other Audit Work in Process

Internal Audit has several audits and other projects currently underway, some of which are near completion and some of which are just beginning. These include audits of the Building Maintenance and Construction Management, Mayor's Office of Emergency Management, Metro Water Services and the Waste Management Division of Public Works.

May 16, 2006
Council Members

We hope you find this report informative and that you will contact us with any questions or issues related to Internal Audit.

Sincerely,

Signature on File

Robert C. Brannon, Chair
Metropolitan Council Audit Committee

Copy: Mayor Bill Purcell
David Manning, Finance Director
Don Dodson, Director of Internal Audit
Richard Norment, Assistant to the State Comptroller

Return on Investment

Performance Audit Return on Investment Fiscal Year Ending June 30, 2005 Actual Results

Updated May 2006

Performance Audits	Report Issue Date	Cost of Consultants	Cumulative Recommended Savings/Rev Through June 30, 2005	Actual Results Achieved							Cumulative Over/(Under) Recommended
				Cost Savings/Rev During June 30, 2001	Cost Savings/Rev During June 30, 2002	Cost Savings/Rev During June 30, 2003	Cost Savings/Rev During June 30, 2004	Cost Savings/Rev During June 30, 2005	Cumulative Through June 30, 2005		
Completed FY 2001:											
Benefit Board - Investments	March 2000	\$ 213,616	\$ 10,020,000	\$ 4,018,660	\$ 12,618,663	\$ 4,693,445	\$ 4,296,732	\$ 3,174,202	\$ 28,801,702	\$ 18,781,702	
Benefit Board - Operations	Dec 2000	105,718	5,300,000	773,000	265,092	87,000	1,185,500	1,666,952	3,977,544	(1,322,456)	
Schools	Jan 2001	499,570	27,876,942	-	1,544,287	1,254,313	1,488,934	1,570,570	5,858,104	(22,018,838)	
Bordeaux Hospital	April 2001	174,692	16,627,000	-	2,600,000	1,636,000	1,756,074	-	5,992,074	(10,634,926)	
E-911 System	April 2001	235,000	-	-	-	-	-	-	-	-	
MTA	May 2001	158,184	400,000	-	-	-	-	-	-	(400,000)	
Completed FY 2002:											
Fleet Management	Nov 2001	367,202	2,099,898	-	124,730	181,000	251,850	272,813	830,393	(1,269,505)	
Beer Board (100% staffed by IA)	April 2002	-	-	-	-	-	-	-	-	-	
Public Works	May 2002	189,500	5,692,632	-	-	181,917	304,053	389,053	875,023	(4,817,609)	
State Taxes	May 2002	80,000	2,100,000	-	2,364,000	491,993	-	-	2,855,993	755,993	
Police Department	May 2002	462,000	-	-	-	-	-	-	-	-	
Completed FY 2003:											
Disability Monitoring - Kroll	Sept 2002	309,000	900,000	-	-	-	-	-	-	(900,000)	
Convention Center / CVB	Feb 2003	70,000	-	-	-	-	-	-	-	-	
Gaylord Entertainment Center	March 2003	60,000	-	-	-	-	-	-	-	-	
Municipal Auditorium	March 2003	35,000	4,600	-	-	4,600	-	-	4,600	-	
Parks (100% staffed by IA)	June 2003	-	65,000	-	-	-	-	-	-	(65,000)	
Codes Administration	June 2003	127,000	2,400,000	-	-	-	-	2,464,090	2,464,090	64,090	
Completed FY 2004:											
Juvenile Court Clerk (100% IA)	Aug 2003	-	-	-	-	-	-	-	-	-	
Sheriff's Office (100% IA)	Aug 2003	-	290,000	-	-	-	-	-	-	(290,000)	
Planning Department	Dec 2003	166,000	137,500	-	-	-	-	212,987	212,987	75,487	
Printing and Postal	April 2004	144,750	119,000	-	-	-	-	-	-	(119,000)	
Teachers Pension Investments	Jan 2004	100,000	-	-	-	-	-	-	-	-	
Cell Phones (100% IA)	March 2004	-	180,000	-	-	-	-	370,000	370,000	190,000	
Vehicle Utilization	May 2004	168,410	175,000	-	-	-	-	-	-	(175,000)	
Social Services	May 2004	197,000	-	-	-	-	-	-	-	-	
Completed FY 2005:											
Nashville Gas (100% IA)	Aug 2004	-	3,000,000	-	-	-	-	-	-	(3,000,000)	
Nashville Speedway Review	Aug 2004	60,000	250,000	-	-	-	-	-	-	(250,000)	
Water Cost of Service Study	Sept 2004	153,000	-	-	-	-	-	-	-	-	
General Hospital (addl TennCare)	Feb 2005	504,000	3,816,500	-	-	-	-	-	-	(3,816,500)	
Completed FY 2006 to date:											
Juvenile Court (100% IA)	July 2005	-	-	-	-	-	-	-	-	-	
TN State Fair (100% IA)	July 2005	-	-	-	-	-	-	-	-	-	
Farmer's Market (100% IA)	Aug 2005	-	-	-	-	-	-	-	-	-	
Radio Communications Services	Dec 2005	56,884	-	-	-	-	-	-	-	-	
Occupational Health & Safety	Jan 2006	54,743	-	-	-	-	-	-	-	-	
Juvenile Court System	March 2006	138,780	-	-	-	-	-	-	-	-	
Totals - Through Fiscal Year 2005		\$ 4,830,049	\$ 81,454,072	\$ 4,791,660	\$ 19,516,772	\$ 8,530,268	9,283,143	10,120,667	52,242,510	\$ (29,211,562)	

Cumulative Return on Investment - All Performance Audits

1082%

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

OFFICE OF INTERNAL AUDIT

Audit Implementation Status Summaries

**Audit Implementation Status Summaries Presented to the Audit Committee
May 2006**

<u>Department and Subject</u>	<u>Issue Date</u>
Beer Board	April 2002
Codes Administration	June 2003
Convention Center / CVB Board	February 2003
Emergency Communications	April 2001
Farmer's Market	August 2005
Finance / Treasury - MEBB Pension Investments	March 2000
Finance / Treasury - Teachers Pension Investments	January 2004
General Services - Cell Phones	March 2004
General Services - Fleet Management	November 2001
General Services - Printing & Postal Services	April 2004
General Services - Vehicle Utilization	May 2004
Hospital Authority - Bordeaux	April 2001
Human Resources / Benefit Board – Benefit Board Operations	December 2000
Human Resources / Benefit Board – Disability Pensions	September 2002
Metro Transit Authority	May 2001
Municipal Auditorium	March 2003
Parks and Recreation	June 2003
Planning Department	December 2003
Police Department	May 2002
Public Works	May 2002
Schools	January 2001
Sheriff's Department	August 2003
Social Services	May 2004
Sports Authority - Gaylord Entertainment Center	March 2003
TN State Fair	July 2005

Audit Implementation Status Summary
Updated April 2006 for Fiscal Year Ended June 30, 2005

Department:
Date Issued:

Beer Board
April 2002

Consultants Used	100% - IA
Cost of Consultants \$	-
Number of Recommendations:	
Implemented	4
In Process	1
Not Implemented	0

Cumulative Operating Financial Impact		
Financial Impact Began		None
Recommended Spending	\$	-
Recommended Savings	\$	-
Actual Spending	\$	-
Actual Savings	\$	-

Significant Recommendations Implemented

- » Establish performance measures and periodic reporting to board.
- » Enhance coordination with other Metro-wide initiatives, including web based customer information.
- » Publish procedures providing information to assist businesses prior to construction.
- » Streamline the inspection process.

Significant Recommendations in Process of Implementation

- » Implementing automatic late penalties for delinquent payment of annual privilege tax. Beer Board is working with Metro Legal on this implementation.

Significant Recommendations Not Implemented

- » N/A

Audit Implementation Status Summary
Updated April 2006 for Fiscal Year Ended June 30, 2005

Department:
Date Issued:

Codes Administration
June 2003

Consultants Used		Maximus
Cost of Consultants	\$	127,000
Number of Recommendations:		
Implemented		11
In Process		6
Not Implemented		2

Cumulative Operating Financial Impact			
Financial Impact Began			FY 2003 - 2004
Recommended Spending	\$		-
Recommended Savings	\$		2,400,000
Actual Spending	\$		-
Actual Savings	\$		2,464,090

Significant Recommendations Implemented

- » Discontinue the use of demolition funds for operational purposes.
- » Property Standards inspectors should begin the notation of code violations in the field.
- » The Department should increase and/or re-examine many of its fees for services (implemented 4-24-04 and additional revenue of \$2.4 million collected for FYE 6-30-05).
- » Codes should implement certain improvements in customer service.
- » Inspections should implement changes in the reporting of work efforts to establish performance standards.

Significant Recommendations in Process of Implementation

- » Acquisition of electronic data capturing equipment for inspectors.

Significant Recommendations Not Implemented

- » Utilization of multi-disciplinary inspectors for all final inspections (\$150,000 savings starting in FY 2004 - 2005).

Audit Implementation Status Summary
Updated April 2006 for Fiscal Year Ended June 30, 2005

Department:
Date Issued:

Convention Center Coard / CVB Board
February 2003

Consultants Used		KPMG
Cost of Consultants	\$	70,000
Number of Recommendations:		
Implemented		20
In Process		0
Not Implemented		0

Cumulative Operating Financial Impact			
Financial Impact Began			None
Recommended Spending	\$		-
Recommended Savings	\$		-
Actual Spending	\$		-
Actual Savings	\$		-

Significant Recommendations Implemented

- » Improve lost business tracking at Convention Center.
- » Conduct market study and identify funding sources for convention space expansion consideration.
- » Establish a single governing body for the CVB.
- » Develop a strategic plan for the CVB.
- » Enhance CVB stakeholder communication, performance tracking, and marketing.

Significant Recommendations in Process of Implementation

- » N/A

Significant Recommendations Not Implemented

- » N/A

Audit Implementation Status Summary
Updated April 2006 for Fiscal Year Ended June 30, 2005

Department:
Date Issued:

E911 Audit
April 2001

Consultants Used		Gartner
Cost of Consultants	\$	235,000
Number of Recommendations:		
Implemented		12
In Process		2
Not Implemented		0

Cumulative Operating Financial Impact		
Financial Impact Began		None
Recommended Spending	\$	-
Recommended Savings	\$	-
Actual Spending	\$	-
Actual Savings	\$	-

Significant Recommendations Implemented

- » Reorganize for a single point of responsibility.
- » Obtain a back-up facility and develop a disaster recovery plan.
- » Monitor call transfers more closely.
- » Apply uniform procedures.
- » Measure service delivery standards.

Significant Recommendations in Process of Implementation

- » Consider a specialized dispatcher configuration.
- » Consider alternatives for a new facility (initial cost estimate - \$10 million; current cost estimate - \$40 million)

Significant Recommendations Not Implemented

- » N/A

Audit Implementation Status Summary
Updated April 2006 for Fiscal Year Ended June 30, 2005

Department:
Date Issued:

Farmer's Market
August 2005

Consultants Used	100% - IA
Cost of Consultants \$	-
Number of Recommendations:	
Implemented	15
In Process	0
Not Implemented	1

Cumulative Operating Financial Impact		
Financial Impact Began		None
Recommended Spending	\$	-
Recommended Savings	\$	-
Actual Spending	\$	-
Actual Savings	\$	-

Significant Recommendations Implemented

- » Farmers Market should make every effort to collect outstanding balances from current and former vendors.
- » Farmers Market is working with Real Property Services to plan for exterior building repairs.

Significant Recommendations in Process of Implementation

- » N/A

Significant Recommendations Not Implemented

- » Segregation of duties involving receipting, collecting, depositing, recording, and reporting of revenue.

Audit Implementation Status Summary
Updated April 2006 for Fiscal Year Ended June 30, 2005

Department:
Date Issued:

MEBB Pension Investments - Treasurer
March 2000

Consultants Used		KPMG
Cost of Consultants	\$	213,616
Number of Recommendations:		
Implemented		38
In Process		0
Not Implemented		0

Cumulative Operating Financial Impact			
Financial Impact Began			FY 2001 - 2002
Recommended Spending	\$		-
Recommended Savings	\$		10,020,000
Actual Spending	\$		-
Actual Savings	\$		28,801,702

Significant Recommendations Implemented

- » A qualified Chief Investment Officer should report to the Investment Committee.
- » Independent investment advice should replace the soft dollar commission arrangement.
- » A formal risk policy should be adopted.
- » Investment manager fees should be evaluated and negotiated.
- » The Investment Committee should be responsible for monitoring and analyzing the 457 plan.
- » Fund performance and asset allocation should be measured against objective criteria.

Significant Recommendations in Process of Implementation

- » N/A

Significant Recommendations Not Implemented

- » N/A

Audit Implementation Status Summary
Updated April 2006 for Fiscal Year Ended June 30, 2005

Department:
Date Issued:

Teachers Pension Investments - Treasurer
January 2004

Consultants Used		KPMG
Cost of Consultants	\$	100,000
Number of Recommendations:		
Implemented		10
In Process		2
Not Implemented		0

Cumulative Operating Financial Impact			
Financial Impact Began			FY 2005 - 2006
Recommended Spending	\$		-
Recommended Savings	\$		-
Actual Spending	\$		-
Actual Savings	\$		-

Significant Recommendations Implemented

- » Do an RFP for independent investment advice.
- » Obtain in-house investment expertise to report to the Administrative Retirement Committee.
- » Revise the investment policy.
- » Enhance investment performance monitoring.

Significant Recommendations in Process of Implementation

- » Negotiate lower investment manager fees.
- » Manager contracts should be based on Teacher's Pension template.

Significant Recommendations Not Implemented

- » N/A

Audit Implementation Status Summary
Updated April 2006 for Fiscal Year Ended June 30, 2005

Department:
Date Issued:

Cell Phones - General Services
March 2004

Consultants Used	100% - IA
Cost of Consultants \$	-
Number of Recommendations:	
Implemented	10
In Process	0
Not Implemented	0

Cumulative Operating Financial Impact			
Financial Impact Began		FY 2004 - 2005	
Recommended Spending	\$		-
Recommended Savings	\$		180,000
Actual Spending	\$		-
Actual Savings	\$		370,000

Significant Recommendations Implemented

- » Obtain contract for unlimited local calling for a fixed charge without the possibility of long distance charges.
- » All pagers should be the digital type and issued to certain employees instead of cell phones.
- » Department funding requests for each cell phone should be justified based on existing policies.
- » Individual departments should not be allowed to procure separate wireless communication devices.

Significant Recommendations in Process of Implementation

- » N/A

Significant Recommendations Not Implemented

- » N/A

Audit Implementation Status Summary
Updated April 2006 for Fiscal Year Ended June 30, 2005

Department:
Date Issued:

Fleet Management - General Services
November 2001

Consultants Used		TCI
Cost of Consultants	\$	367,202
Number of Recommendations:		
Implemented	\$	49
In Process	\$	12
Not Implemented	\$	4

Cumulative Operating Financial Impact			
Financial Impact Began			FY 2002 - 2003
Recommended Spending	\$		-
Recommended Savings	\$		2,099,898
Actual Spending	\$		-
Actual Savings	\$		830,393

Significant Recommendations Implemented

- » Purchase regular unleaded fuel instead of premium.
- » Further explore the costs & benefits associated with alternative fuel options.
- » Initiate vehicle utilization and fuel studies.
- » All fleet areas should strive for 40 hours per mechanic per year of training.
- » Stress certification and reimburse mechanics for tests.

Significant Recommendations in Process of Implementation

- » Implementation of fleet management system.
- » Review parts outsourcing possibilities and develop a contract for oil analysis.

Significant Recommendations Not Implemented

- » Review parts outsourcing possibilities.
- » Develop a contract for oil analysis.

Audit Implementation Status Summary
Updated April 2006 for Fiscal Year Ended June 30, 2005

Department: **Printing and Postal Services - General Services**
Date Issued: **April 2004**

Consultants Used		Maximus
Cost of Consultants	\$	144,750
Number of Recommendations:		
Implemented	\$	2
In Process	\$	12
Not Implemented	\$	-

Cumulative Operating Financial Impact			
Financial Impact Began			FY 2004 - 2005
Recommended Spending	\$		-
Recommended Savings	\$		119,000
Actual Spending	\$		-
Actual Savings	\$		-

Significant Recommendations Implemented

- » Printing Services is being operated as a fully contracted printing operation effective 7/1/2004.
- » Redesign postal delivery routes.

Significant Recommendations in Process of Implementation

- » Develop and manage a central printing contract or contracts.
- » Use a single postal address.

Significant Recommendations Not Implemented

- » N/A

Audit Implementation Status Summary
Updated April 2006 for Fiscal Year Ended June 30, 2005

Department:
Date Issued:

Vehicle Utilization - General Services
May 2004

Consultants Used		TCI
Cost of Consultants	\$	168,410
Number of Recommendations:		
Implemented		7
In Process		3
Not Implemented		0

Cumulative Operating Financial Impact			
Financial Impact Began			FY 2004 - 2005
Recommended Spending	\$		-
Recommended Savings	\$		175,000
Actual Spending	\$		-
Actual Savings	\$		-

Significant Recommendations Implemented

- » Reduce the fleet by 193 vehicles, which is approximately 6% of the current fleet.
- » Limit the number of vehicles assigned to one person exclusively.
- » Establish vehicle pools in various locations to better serve various departments.

Significant Recommendations in Process of Implementation

- » Develop and implement vehicle utilization standards.
- » Strive to make no new net additions to the fleet after a base line fleet is established.

Significant Recommendations Not Implemented

- » N/A

Audit Implementation Status Summary
Updated April 2006 for Fiscal Year Ended June 30, 2005

Department:
Date Issued:

Bordeaux Hospital - Hospital Authority
April 2001

Consultants Used		KPMG
Cost of Consultants	\$	174,692
Number of Recommendations:		
Implemented		8
In Process		0
Not Implemented		0

Cumulative Operating Financial Impact			
Financial Impact Began			FY 2001 - 2002
Recommended Spending	\$		-
Recommended Savings	\$		16,627,000
Actual Spending	\$		-
Actual Savings	\$		5,992,074 *

* Savings being updated for FYE 6/30/2005

Significant Recommendations Implemented

- » Implement cost savings identified in staffing an certain operational areas (some savings not achieved).
- » Explore revenue opportunities through payor mix and increased usage of long-term acute care space.
- » Funding should be based on cash flow needs (implementation delayed).
- » Improve controls in identified areas.

Significant Recommendations in Process of Implementation

- » N/A

Significant Recommendations Not Implemented

- » N/A

Audit Implementation Status Summary
Updated April 2006 for Fiscal Year Ended June 30, 2005

Department:
Date Issued:

Benefit Board Operations
December 2000

Consultants Used		KPMG
Cost of Consultants	\$	105,718
Number of Recommendations:		
Implemented		38
In Process		2
Not Implemented		2

Cumulative Operating Financial Impact			
Financial Impact Began			FY 2001 - 2002
Recommended Spending	\$		-
Recommended Savings	\$		5,300,000
Actual Spending	\$		-
Actual Savings	\$		3,977,544

Significant Recommendations Implemented

- » Execute Benefit Board staff functions through Human Resources and Finance.
- » Complete pension recalculations for errors discovered under 'Project '87'.
- » Establish a Study and Formulating Committee.
- » Enhance disability monitoring and IOD management.
- » Reconcile health insurance records, and address coverage for pensioners.
- » Reduce reliance on general consultant.
- » Address mandatory health coverage and revise voluntary insurance offerings.

Significant Recommendations in Process of Implementation

- » Develop consistent credited/connection of service definitions with Civil Service.

Significant Recommendations Not Implemented

- » Address non-taxable portion of active IOD payments (\$700,000 annual savings not achievable).
- » Make police and fire return to work requirements less restrictive (\$250,000 annual savings not implemented).

Audit Implementation Status Summary
Updated April 2006 for Fiscal Year Ended June 30, 2005

Department: Disability Pension Monitoring - HR Benefit Board
Date Issued: September 2002

Consultants Used		Kroll
Cost of Consultants	\$	309,000
Number of Recommendations:		
Implemented		4
In Process		7
Not Implemented		6

Cumulative Operating Financial Impact			
Financial Impact Began			FY 2003 - 2004
Recommended Spending	\$		-
Recommended Savings	\$		900,000
Actual Spending	\$		-
Actual Savings	\$		-

Significant Recommendations Implemented

- » Suspend benefits of pensioners who fail to complete annual questionnaires.
- » Discontinue annual review of pensioners who are permanently disabled.

Significant Recommendations in Process of Implementation

- » Enforce charging departments for medically able employees not returned to work.
- » Discontinue benefits of pensioners who have defrauded the system (\$450,000 annual savings delayed).

Significant Recommendations Not Implemented

- » Require disability pensioners to submit tax returns to verify lack of income producing capacity.
- » Eliminate requirement that three jobs be turned down before losing pension benefits.

Audit Implementation Status Summary
Updated April 2006 for Fiscal Year Ended June 30, 2005

Department:
Date Issued:

MTA
May 2001

Consultants Used		Doolittle
Cost of Consultants	\$	158,184
Number of Recommendations:		
Implemented		45
In Process		0
Not Implemented		3

Cumulative Operating Financial Impact			
Financial Impact Began			FY 2001 - 2002
Recommended Spending	\$		-
Recommended Savings	\$		400,000
Actual Spending	\$		-
Actual Savings	\$		-

Significant Recommendations Implemented

- » Hire an independent executive director to manage the operating contract, and hire other key managers.
- » Develop a comprehensive strategic plan.
- » Work with Metro to address working cash needs.
- » Develop a bus replacement capital plan, and ensure operating and capital funds are segregated.
- » Enhance customer service and route planning.

Significant Recommendations in Process of Implementation

- » N/A

Significant Recommendations Not Implemented

- » Change Charter to change make-up of Board.
- » Accelerate grant draw-downs (\$100,000 annual savings not achievable - grantor timing issues).

Audit Implementation Status Summary
Updated April 2006 for Fiscal Year Ended June 30, 2005

Department:
Date Issued:

Municipal Auditorium
March 2003

Consultants Used		KPMG
Cost of Consultants	\$	35,000
Number of Recommendations:		
Implemented		10
In Process		0
Not Implemented		0

Cumulative Operating Financial Impact			
Financial Impact Began			FY 2002 - 2003
Recommended Spending	\$		-
Recommended Savings	\$		4,600
Actual Spending	\$		-
Actual Savings	\$		4,600

Significant Recommendations Implemented

- » Enhance marketing efforts.
- » Enhance monitoring of event activities.
- » Enhance contract monitoring prior to payment.

Significant Recommendations in Process of Implementation

- » N/A

Significant Recommendations Not Implemented

- » N/A

Audit Implementation Status Summary
Updated April 2006 for Fiscal Year Ended June 30, 2005

Department:
Date Issued:

Board of Parks and Recreation
June 2003

Consultants Used		100% - IA
Cost of Consultants	\$	-
Number of Recommendations:		
Implemented		12
In Process		5
Not Implemented		0

Cumulative Operating Financial Impact			
Financial Impact Began			FY 2004 - 2005
Recommended Spending	\$		-
Recommended Savings	\$		-
Actual Spending	\$		-
Actual Savings	\$		-

Significant Recommendations Implemented

- » Eliminate free rounds of golf and evaluate fees.
- » Property rental rates should be reviewed on an annual basis.
- » Transition the storeroom to a primary receiving-distribution function.
- » Developed a security plan for the expanding greenway system.
- » Improve timeliness of submitting revenue collection information to Metro Finance.

Significant Recommendations in Process of Implementation

- » Enhance inventory management practices at golf pro shops.
- » Work with Metro Finance to eliminate duplicate accounting system.

Significant Recommendations Not Implemented

- » N/A

Audit Implementation Status Summary
Updated April 2006 for Fiscal Year Ended June 30, 2005

Department:
Date Issued:

Planning Department
December 2003

Consultants Used		Maximus
Cost of Consultants	\$	166,000
Number of Recommendations:		
Implemented		12
In Process		4
Not Implemented		4

Cumulative Operating Financial Impact			
Financial Impact Began			FY 2004 - 2005
Recommended Spending	\$		-
Recommended Savings	\$		137,500
Actual Spending	\$		-
Actual Savings	\$		212,987

Significant Recommendations Implemented

- » Conduct a detailed cost of service analysis.
- » Increase fees to achieve 100% recovery of costs of services.
- » Improve department management policies and practices.
- » Reduce backlog of property records updating.
- » Develop formal mechanism for interdepartmental coordination of growth management issues.

Significant Recommendations in Process of Implementation

- » Planning should institute effort reporting systems.
- » Make enforcement ordinances and the general plan mutually consistent.

Significant Recommendations Not Implemented

- » Establish a position responsible for coordination of application review.
- » Metro should adopt a formal policy stating its development philosophy.

Audit Implementation Status Summary
Updated April 2006 for Fiscal Year Ended June 30, 2005

Department:
Date Issued:

Police Department
May 2002

Consultants Used		MGT
Cost of Consultants	\$	462,000
Number of Recommendations:		
Implemented		91
In Process		11
Not Implemented		5

Cumulative Operating Financial Impact		
Financial Impact Began		None
Recommended Spending	\$	-
Recommended Savings	\$	-
Actual Spending	\$	-
Actual Savings	\$	-

Significant Recommendations Implemented

- » MNPD should develop a formal strategic plan.
- » Further studies are needed in the areas of staffing, facilities, IT strategy, and training.
- » Budget development and monitoring should be improved and include supervisors' involvement.
- » The department should be reorganized with more resources allocated to the precincts.
- » Additional MNPD sworn personnel should be allocated to patrol to support community policing.
- » Performance measures assessing the effectiveness of services aligned to goals should be developed.

Significant Recommendations in Process of Implementation

- » Officers' performance evaluations should address crime reduction and other measures.
- » Phase investigations to non-sworn professional personnel.
- » Automation of file management, payroll, and scanning is needed.

Significant Recommendations Not Implemented

- » The promotional process should be restructured to depend less on exam scores.
- » The use of tachographs should be evaluated for elimination.

Audit Implementation Status Summary
Updated April 2006 for Fiscal Year Ended June 30, 2005

Department:
Date Issued:

Public Works
May 2002

Consultants Used	Maximus
Cost of Consultants \$	189,500
Number of Recommendations:	
Implemented	56
In Process	10
Not Implemented	2

Cumulative Operating Financial Impact			
Financial Impact Began			FY 2003 - 2004
Recommended Spending	\$		-
Recommended Savings	\$		5,692,632
Actual Spending	\$		-
Actual Savings	\$		875,023

Significant Recommendations Implemented

- » Implement a Slurry seal-based roadway resurfacing program (\$2 million annual savings delayed).
- » Compare in-house milling costs to costs of private providers.
- » Compare in-house paving costs to costs of private providers.
- » Convert chipper service to fleet of grapppler trucks in tandem with trailers (\$85,000 annual savings used to increase service levels).
- » Develop traffic engineering requirements integrated by developers in preliminary plats.

Significant Recommendations in Process of Implementation

- » The capability to track signal operations & reasons for system failure should be developed.
- » Establish Public Works as the sole agency for repairing all road way damages.
- » Collect all fees (\$106,000 annual revenue collection deferred). Permitting system is nearing completion.

Significant Recommendations Not Implemented

- » Utilize time reporting system to capture staff costs associated with capital projects.

Audit Implementation Status Summary
Updated April 2006 for Fiscal Year Ended June 30, 2005

Department:
Date Issued:

Metropolitan Nashville Public Schools
January 2001

Consultants Used		MGT
Cost of Consultants	\$	499,570
Number of Recommendations:		
Implemented		205
In Process		5
Not Implemented		20

Cumulative Operating Financial Impact		
Financial Impact Began		FY 2001 - 2002
Recommended Spending	\$	24,480,000 *
Recommended Savings	\$	27,876,942
Actual Spending	\$	17,836,000 *
Actual Savings	\$	5,858,104

* Spending numbers being updated for FYE 6-30-2005

Significant Recommendations Implemented

- » Improve lines of accountability and communication among grades, clusters, and programs.
- » Increase media materials budget.
- » Increase psychologists, social workers, and guidance counselors.
- » Align school plans with system-wide plan.
- » Link staff development to system-wide priorities.
- » Implement a new financial management system.
- » Increase custodial staffing levels.
- » Enhance custodial training and supervision.
- » Adjust mechanic staffing levels.
- » Implement computerized bus routing.
- » Develop a technology strategic plan.
- » Implement basic technology levels for each school.
- » Implement e-mail for administrative and instructional personnel.
- » Implement a new student information system.
- » Continue schools for thought program.
- » Increase technology teachers.
- » Increase computer repair technicians.
- » Improve bank reconciliation and payroll controls.

Significant Recommendations in Process of Implementation

- » Link the SIMS substitute system with payroll.
- » Implement system-wide homework policies and teacher lesson plans.
- » Implement energy management program (potential \$1 million annual savings delayed).
- » Implement building usage fees (\$516,000 annual revenue).
- » reduce teacher absenteeism (\$300,000 annual savings).

Significant Recommendations Not Implemented

- » Assign assistant principals based on adopted formula (\$416,000 annual savings).
- » Provide incentives for highly qualified teachers to stay in lower performing schools.
- » Obtain Medicaid reimbursement (\$1.1 million annual revenue).
- » Eliminated instructional preparation pay (\$442,000 annual savings).
- » Evaluate tenured teachers every three years.
- » Implement maintenance productivity standards (\$500,000 annual savings).
- » Allocate central costs to food services (\$526,000 annual revenue).

Audit Implementation Status Summary
Updated April 2006 for Fiscal Year Ended June 30, 2005

Department:
Date Issued:

Sheriff's Department
August 2003

Consultants Used	100% - IA
Cost of Consultants \$	-
Number of Recommendations:	
Implemented	24
In Process	0
Not Implemented	0

Cumulative Operating Financial Impact			
Financial Impact Began		FY 2004 - 2005	
Recommended Spending	\$		-
Recommended Savings	\$		-
Actual Spending	\$		-
Actual Savings	\$		-

Significant Recommendations Implemented

- » Contract signed with CCA which addresses allowable expenses for inmates.
- » One division makes changes to TOMIS & JMS for locally sentenced felons.
- » Created operating procedures for all positions that account for or handle cash.

Significant Recommendations in Process of Implementation

- » N/A

Significant Recommendations Not Implemented

- » N/A

Audit Implementation Status Summary
Updated April 2006 for Fiscal Year Ended June 30, 2005

Department:
Date Issued:

Social Services
May 2004

Consultants Used		Maximus
Cost of Consultants	\$	197,000
Number of Recommendations:		
Implemented		9
In Process		0
Not Implemented		2

Cumulative Operating Financial Impact		
Financial Impact Began		Savings used for new programs
Recommended Spending	\$	-
Recommended Savings	\$	-
Actual Spending	\$	-
Actual Savings	\$	-

Significant Recommendations Implemented

- » Transition Knowles and adult day programs to Bordeaux.
- » Transition disability services to ADA.
- » Discontinue child care.
- » Transition transportation to MTA.
- » Enhance planning capacity and contract other direct services.

Significant Recommendations in Process of Implementation

- » N/A

Significant Recommendations Not Implemented

- » N/A

Audit Implementation Status Summary
Updated April 2006 for Fiscal Year Ended June 30, 2005

Department:
Date Issued:

Gaylord Entertainment Center
March 2003

Consultants Used		KPMG
Cost of Consultants	\$	60,000
Number of Recommendations:		
Implemented		21
In Process		6
Not Implemented		0

Cumulative Operating Financial Impact			
Financial Impact Began			None
Recommended Spending	\$		-
Recommended Savings	\$		-
Actual Spending	\$		-
Actual Savings	\$		-

Significant Recommendations Implemented

- » Improve monitoring of contracts and coordination with Finance.
- » Develop uniform budgeting and financial reporting formats.
- » Develop a mission statement.
- » Improve capital budget control.
- » Develop and monitor a co-promotion policy.

Significant Recommendations in Process of Implementation

- » Consider developing more definitive goals and objectives.
- » Enhance marketing coordination with other Metro facilities.
- » Maximize rent revenue.

Significant Recommendations Not Implemented

- » N/A

Audit Implementation Status Summary
Updated April 2006 for Fiscal Year Ended June 30, 2005

Department:
Date Issued:

Tennessee State Fair
July 2005

Consultants Used	100% - IA
Cost of Consultants \$	-
Number of Recommendations:	
Implemented	8
In Process	0
Not Implemented	0

Cumulative Operating Financial Impact		
Financial Impact Began		None
Recommended Spending	\$	-
Recommended Savings	\$	-
Actual Spending	\$	-
Actual Savings	\$	-

Significant Recommendations Implemented

- » Vendor contract terms are being followed by new Executive Director.
- » Metro cell phone policy should be used by the TN State Fair.
- » Special rental agreements should be approved by the Board.

Significant Recommendations in Process of Implementation

- » N/A

Significant Recommendations Not Implemented

- » N/A