



**A Report to the
Audit Committee**

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Arts Commission**
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**Audit Recommendations Follow-up –
Audit of the Metropolitan Nashville
Arts Commission**

January 3, 2022

Metropolitan
Nashville
Office of
Internal Audit

EXECUTIVE SUMMARY

January 3, 2022



Why We Did This Audit

To evaluate management's implementation of previous audit recommendations as of December 17, 2021.

What We Recommend

There are no recommendations, as management successfully implemented the initial audit recommendations.

Audit Recommendations Follow-Up - Audit of the Metropolitan Nashville Arts

BACKGROUND

On July 5, 2019, the Metropolitan Nashville Office of Internal Audit issued an audit report on the Metropolitan Nashville Arts Commission (Metro Arts). The audit report included 17 recommendations, all of which were accepted by management for implementation. Office of Internal Audit guidelines require monitoring and follow-up to ensure that the recommendations assessed as high or medium risk are appropriately considered, effectively implemented, and yield intended results.

OBJECTIVES AND SCOPE

The objectives of this follow-up audit were to determine if the recommended action or an acceptable alternative was implemented.

The scope of the follow-up audit included all 17 accepted recommendations that management implemented and reported to our office.

WHAT WE FOUND

Metro Arts has implemented all 17 recommendations made in the initial audit report. Details of the implementation status can be seen in **Appendix A**.

AUDIT FOLLOW-UP RESULTS

The initial audit report encompassed all grant awards and public art projects funded during the fiscal years 2018 and 2017. The audit report included 17 recommendations all of which were accepted by management for implementation.

The Office of Internal Audit will close a recommendation only for one of the following reasons:

- The recommendation was effectively implemented.
- An alternative action was taken that achieved the intended results.
- Circumstances have so changed that the recommendation is no longer valid.
- The recommendation was not implemented despite the use of all feasible strategies or due to lack of resources. When a recommendation is closed for these reasons, a judgment is made on whether the objectives are significant enough to be pursued at a later date in another assignment.

The scope of the follow-up audit included all 17 accepted recommendations that management implemented and reported to our office. Of the 17 accepted recommendations, all 17 recommendations were fully implemented. Implementation actions were evaluated, as well as progress being made on any open recommendations. Details of the implementation status as of December 17, 2021 can be seen in **Appendix A**.

METHODOLOGY

To achieve the audit objectives, auditors performed the following steps:

- Reviewed the implementation status report provided by Metro Arts.
- Interviewed key personnel within Metro Arts.
- Examined the documentation provided by management as evidence of completion.
- Considered risk of fraud, waste, and abuse, and information technology risks.
- Detail-tested sampled projects, grants, and fiscal administration transactions.

We conducted this performance audit 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 findings 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.

AUDIT TEAM

Innocent Dargbey, CPA, CMFO, CICA, In-Charge Auditor

Jessica Henderson, Assisting Auditor

Lauren Riley, CPA, CIA, CFE, ACDA, CMFO, Metropolitan Auditor

APPENDIX A – PRIOR RECOMMENDATIONS AND IMPLEMENTATION STATUS

The following table shows the guidelines followed to determine the status of implementation.

Table 1

Recommendation Implementation Status	
Implemented/ Closed	The department or agency provided sufficient and appropriate evidence to support the implementation of all elements of the recommendation and the recommendation’s implementation caused or significantly influenced the benefits achieved.
Partially Implemented/ Open	The department or agency provided some evidence to support implementation progress but not of all elements of the recommendation were implemented.
Not Implemented	The department or agency did not implement a recommendation because: a) of lack of resources; b) an alternative action was taken that achieved the intended results; c) circumstances have so changed that the recommendation is no longer valid.

The following are the audit recommendations made in our original audit report dated July 5, 2019, and the current implementation status of each recommendation based on our review of information and documents provided by Metro Arts.

APPENDIX A – MANAGEMENT IMPLEMENTATION ACTIONS

Recommendation	Implementation Actions	Outstanding Issues	Implementation Status At 12/17/2021
<p>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.</p> <p>Assessed Risk Level: Medium</p>	<p>Metro Council revised the basis for determining and recognizing the 1% Public Art Fund with BL2020-185. Metro Arts established procedures to verify the 1% Public Art funds computations from Department of Finance.</p> <p>Metro Arts finance director will review the 1% computation worksheets from Department of Finance on a regular basis and maintain all related information.</p>	None	Implemented/ Closed
<p>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.</p> <p>Assessed Risk Level: Medium</p>	<p>Metro Arts reviewed 1% fund computations prior to the audit in collaboration with Metro Finance and Metro Arts acknowledged receipt of all missed 1% Public Arts fund from periods prior to the initial audit.</p>	None	Implemented/ Closed

APPENDIX A – PRIOR RECOMMENDATIONS AND IMPLEMENTATION STATUS

Recommendation	Implementation Actions	Outstanding Issues	Implementation Status At 12/17/2021
<p>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).</p> <p>Assessed Risk Level: Medium</p>	<p>Staff have enhanced the system for ensuring adequate documentation and close-out procedures are documented. This includes a more detailed project closeout checklist, which requires the signature of the project manager, and Public Art Manager before any final payments to the artist are processed. Material invoices and receipts are also required from artists.</p>	<p>None</p>	<p>Implemented/ Closed</p>
<p>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.</p> <p>Assessed Risk Level: Medium</p>	<p>Staff have developed a public art project management checklist. The checklist includes documentation around artist selection, documentation of the selection process, and conflict of interest forms. Digital copies of the checklist are filed by the project manager and reviewed by a designated staff person in charge of compliance.</p>	<p>None</p>	<p>Implemented/ Closed</p>
<p>A.5 Continue to work with Metropolitan Nashville Council members to identify suitable locations in their districts where public artworks can be installed.</p> <p>Assessed Risk Level: Medium</p>	<p>This is ongoing work and relationship building with Council Members. Metro Arts entered into a project with Two Sigma’s Data Clinic with volunteer data scientists. They have analyzed open data overlayed with geographic data and Council districts to identify gaps in public art and arts investments. Metro Arts created a Metro Arts Public Art Request tracker and Monday Board to log info on requested projects and locations for public art from Council Members and Metro departments.</p>	<p>Recommendation is a continuous improvement process; however, adequate progress has been made. Further inquiry and review will be performed during future audits.</p>	<p>Implemented/ Closed</p>
<p>B.1 Establish grants 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</p>	<p>Metro Arts established administrative procedures and checklists for grants/funding programs which provide evidence that guidelines were applied and followed by applicants.</p>	<p>None</p>	<p>Implemented/ Closed</p>

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<p>are required and how to retain the same.</p> <p>Assessed Risk Level: Medium</p>			
<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>Assessed Risk Level: Medium</p>	<p>Metro Arts added this to their Scoring Criteria within the Grant Guidelines.</p> <p>“The Organization: This section of the application addresses the organization’s overall health as a nonprofit organization. Much of the information used to score this section is found in the GivingMatters.com profile. Areas that influence the overall health of a nonprofit are the size and make-up of the governing board of directors, qualifications and abilities of staff, leadership demographics in relation to the population being served, regular organizational assessment, and short and long-term goal setting.</p> <p>Equity: This section of the application addresses the organization’s commitment to racial and cultural equity in its programs, organizational policies and practices, planning, and implementation.”</p>	None	Implemented/ Closed
<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>Assessed Risk Level: Medium</p>	<p>Management implemented conflict of interest forms for Commissioners and others involved in the award process.</p>	None	Implemented/ Closed

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Recommendation	Implementation Actions	Outstanding Issues	Implementation Status At 12/17/2021
<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>Assessed Risk Level: Medium</p>	<p>THRIVE guidelines have been amended to include a process for awardees to communicate project changes or deviations from project proposals. Monitoring measures have been put into place. The 80%/20% invoice process changed to invoice on a 40%/40%/20% schedule.</p>	<p>None</p>	<p>Implemented/ Closed</p>
<p>C.2 Enhance THRIVE program close-out procedures and project evaluations with adequate documentation and verifiable information.</p> <p>Assessed Risk Level: Medium</p>	<p>THRIVE program close-out procedures and evaluations have been enhanced to allow adequate time and review of THRIVE projects.</p>	<p>None</p>	<p>Implemented/ Closed</p>
<p>D-1. Continue to work with Metropolitan Nashville Council Members to identify suitable locations in their districts where public artworks can be installed.</p> <p>Assessed Risk Level: Medium</p>	<p>This is ongoing work and relationship building with Council Members. Metro Arts also entered into a project with Two Sigma’s Data Clinic with volunteer data scientists. They have analyzed open data overlaid with geographic data and Council districts to identify gaps in public art and arts investments. Metro Arts is hiring a contract Data Projects Coordinator to assist in this initiative. Metro Arts created a Metro Arts Public Art Request tracker and Monday Board to log info on requested projects and locations for public art from Council Members and Metro departments.</p>	<p>Recommendation is a continuous improvement process; however, adequate progress has been made. Further inquiry and review will be performed during future audits.</p>	<p>Implemented/ Closed</p>
<p>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.</p> <p>Assessed Risk Level: Medium</p>	<p>Metro Arts Executive Director had ongoing conversations with Mayor’s Office and other departments about this project and policy. Staff have continued to guide other departments through the donation process. Metro Arts also discussed this policy at a recent meeting (August 2021) and approved a complementary Temporary Artworks on Metro Property policy for community-</p>	<p>Recommendation is a continuous improvement process; however, adequate progress has been made. Further inquiry and review will be performed during future audits.</p>	<p>Implemented/ Closed</p>

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	initiated temporary public artworks.		
<p>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>.</p> <p>Assessed Risk Level: Medium</p>	<p>Metro Arts Executive Director had ongoing conversations with Mayor’s Office and other departments about this project and policy. Staff have continued to guide other departments through the donation process. Metro Arts also discussed this policy at a recent meeting (August 2021) and approved a complementary Temporary Artworks on Metro Property policy for community-initiated temporary public artworks.</p>	<p>Recommendation is a continuous improvement process; however, adequate progress has been made. Further inquiry and review will be performed during future audits.</p>	<p>Implemented/ Closed</p>
<p>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.</p> <p>Assessed Risk Level: Medium</p>	<p>Metro Arts began tracking other assets directly purchased by the department, including but not limited to portable printers or scanners, portable air purifiers, and other office equipment.</p>	<p>None</p>	<p>Implemented/ Closed</p>
<p>E-2. Adopt the system of recording employee benefit time as exception time in the Metropolitan Nashville Government JD Edwards EnterpriseOne system.</p> <p>Assessed Risk Level: Medium</p>	<p>Metro Arts now records, and processes employee leave or vacation and other benefits time taken on employees' pay stub as part of the total hours for the pay period.</p>	<p>None</p>	<p>Implemented/ Closed</p>
<p>E-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.</p> <p>Assessed Risk Level: Medium</p>	<p>Metro Arts implemented HoneyBee, a new time and attendance tracking system to enhance its processes and procedures.</p>	<p>None</p>	<p>Implemented/ Closed</p>

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<p>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.</p> <p>Assessed Risk Level: Medium</p>	<p>Metro Arts revised the workflow approval levels to eliminate the conflicts noted during the audit.</p>	<p>None</p>	<p>Implemented/ Closed</p>