



**A Report to the  
Audit Committee**

**Mayor**  
John Cooper

**Human Resources Director**  
Shannon Hall

**Audit Committee Members**  
Tom Bates  
Kelly Flannery  
Sharon Hurt  
Brackney Reed  
Jim Shulman  
Kyonzte Toombs

**Audit Recommendations Follow-up –  
Audit of Metropolitan Nashville  
General Government Benefits**

April 8, 2022

Metropolitan  
Nashville  
Office of  
Internal Audit

## EXECUTIVE SUMMARY

April 8, 2022



### Why We Did This Audit

To evaluate management's implementation of previous audit recommendations as of March 1, 2022.

### What We Recommend

Management should continue efforts to implement the one remaining recommendation.

# Audit Recommendations Follow-Up - Audit of the Metropolitan Nashville General Government Benefits

## BACKGROUND

---

On October 16, 2019, the Metropolitan Nashville Office of Internal Audit issued an audit report on Metropolitan Nashville General Government Benefits. The audit scope for this engagement was between July 1, 2016, and October 31, 2018. The audit report included four recommendations. Three recommendations were for the Department of Human Resources. One recommendation was for Metropolitan Nashville Public Schools. All recommendations were accepted by management. 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 four accepted recommendations that management reported as implemented.

## WHAT WE FOUND

---

The Department of Human Resources has fully implemented three recommendations, and Metropolitan Nashville Public Schools have partially implemented one recommendation with full implementation expected by June 1, 2022. Details of the implementation status can be seen in **Appendix A**.

## AUDIT FOLLOW-UP RESULTS

---

The initial audit report encompassed the processes for initiating, monitoring, and terminating benefits for Metropolitan Nashville employees and included transactions between July 1, 2016, and October 31, 2018. The audit report included four 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 later in another assignment.

The scope of the follow-up audit included all four accepted recommendations that management reported as implemented. Of the four accepted recommendations, three recommendations were fully implemented, and one recommendation was partially implemented. Details of the implementation status and updated implementation dates, if applicable, can be seen in **Appendix A**.

## METHODOLOGY

---

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

- Confirmed Dependent Eligibility Verification review.
- Reviewed Cigna and BlueCross BlueShield Claims Transactional and Operational Review Presentations to the Metropolitan Employee Benefit Board.
- Reviewed the Medical Plan Update Presentation to the Metropolitan Employee Benefit Board.
- Reviewed process narrative for the joint Human Resources and Payroll Division process for terminating a pension.
- Made inquiries into efforts made to better utilize Oracle R12 in improving payroll data collection from Metropolitan Nashville Charter Schools.
- Gained an understanding of the current process in place for obtaining payroll data from Metropolitan Nashville Charter Schools.

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

---

Seth Hatfield, CPA, CIA, CFE, In-Charge Auditor

Bill Walker, CPA, CIA, CFE, Audit Manager

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	
<b>Implemented / Closed</b>	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.
<b>Partially Implemented / Open</b>	The department or agency provided some evidence to support implementation progress but not of all elements of the recommendation were implemented.
<b>Not Implemented or No Longer Implemented</b>	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 for the Human Resources Department made in our original audit report dated October 16, 2019, and the current implementation status of each recommendation based on our review of information and documents provided by the Human Resources Department.

Recommendation	Implementation Actions	Outstanding Issues	Implementation Status
<b>A.1</b> Conduct a dependent eligibility verification audit every five years.  <b>Assessed Risk Level:</b> <b>Medium</b>	A dependent eligibility audit was conducted by Deloitte in 2021. These audits will be conducted every five years.	None	<b>Fully Implemented/ Closed</b>
<b>A.2</b> Conduct an audit of insurance claims processed by insurance carriers on a triennial basis.  <b>Assessed Risk Level:</b> <b>Medium</b>	A review of BlueCross BlueShield and Cigna claims was conducted by Deloitte. These reviews will be conducted triennially.	None	<b>Fully Implemented/ Closed</b>
<b>C.1</b> Establish an extra layer of review when a pension benefit transfers to a survivor to ensure that the deceased pensioner's benefit stops on the correct date and the survivor's pension benefit begins on the correct date and no overlap occurs.  <b>Assessed Risk Level:</b> <b>Medium</b>	The new process for terminating pensions is conducted jointly by the Human Resources Department and the payroll division within the Finance Department. The process narrative was reviewed by the Office of Internal Audit.	None	<b>Fully Implemented/ Closed</b>

## APPENDIX A – PRIOR RECOMMENDATIONS AND IMPLEMENTATION STATUS

The following is the audit recommendation for Metropolitan Nashville Public Schools made in our original audit report dated October 16, 2019, and the current implementation status of the recommendation based on our review of information and documents provided by the Metropolitan Nashville Public Schools.

Recommendation	Implementation Actions	Outstanding Issues	Implementation Status
<p><b>B.1</b> Explore the possibility of having charter schools’ human resources and payroll systems interface with Oracle R12 to ensure that accurate benefits and pension information is communicated to the Metropolitan Nashville Human Resources Department.</p> <p><b>Assessed Risk Level: High</b></p>	<p>While the process for obtaining payroll information from Charter Schools is still manual, Metropolitan Nashville Schools has begun the process for using Oracle R12 to better collect payroll information from Charter Schools. The Director of Benefits stated that not all Charter Schools have been able to comply with the formatting necessary to utilize the export / import function in Oracle R12, but the department is still actively working on a solution for an integrated and automated method to collect pay information from Charter Schools. The Director of Human Resources stated this process is expected to go live in May 2022.</p>	<p><b>Full implementation is expected to be completed by June 1, 2022.</b></p>	<p><b>Partially Implemented/ Open</b></p>

John Cooper  
MAYOR



*Metropolitan Government of Nashville and Davidson County*

Human Resources Department  
404 James Robertson Pkwy.  
Suite 1000  
Nashville, TN 37219

April 7, 2022

Metropolitan Nashville Office of Internal Audit  
Attention: Lauren Riley  
404 James Robertson Parkway, Suite 190  
Nashville, TN 37219

Dear Ms. Riley:

This letter acknowledges that the Metropolitan Nashville Human Resource Department has received the follow up report regarding General Government Benefits issued by the Office of Internal Audit. We have reviewed the report and are confirming that the first three items have been fully implemented and we anticipate full implementation on the last item in the report no later than June 1, 2022, in coordination with and with the support of our partners at Metro Nashville Public Schools. We have no further questions or concerns.

Thank you,

A handwritten signature in black ink, appearing to be "SH", written in a cursive style.

Shannon Hall  
Human Resources Director  
Metropolitan Government of Nashville & Davidson County