



**A Report to the
Audit Committee**

Mayor
John Cooper

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Metropolitan
Nashville
Office of
Internal Audit

**Audit Recommendations Follow-up –
Audit of the Metropolitan Nashville
Beer Permit Board**
(Initial Report Issued December 23, 2020)

August 4, 2022

EXECUTIVE SUMMARY

August 4, 2022



Why We Did This Audit

To evaluate management's implementation of previous audit recommendations as of February 28, 2022.

What We Recommend

Management should continue efforts to implement the remaining recommendation.

Audit Recommendations Follow-Up - Audit of the Metropolitan Nashville Beer Permit Board

BACKGROUND

On December 23, 2020, the Office of Internal Audit issued an audit of the Metropolitan Nashville Beer Permit Board. The audit report included five recommendations for improving the operations of the Beer Permit Board. All recommendations 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 objective of this follow-up audit is to determine whether management's action plans for the prior audit report recommendations are completed.

The audit scope covers the status for the five accepted recommendations included in the December 23, 2020, *Audit of the Metropolitan Nashville Beer Permit Board*.

WHAT WE FOUND

Of the initial five recommendations made, the Beer Permit Board has fully implemented four recommendations and partially implemented one recommendation. Details of the implementation status can be seen in **Appendix A**.

AUDIT FOLLOW-UP STATUS

The initial audit report encompassed all operations by the Beer Permit Board between July 1, 2018, and June 30, 2020. The audit report included five 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- Circumstances have so changed that the recommendation is no longer valid.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 five accepted recommendations that management implemented and reported to our office. Of the five accepted recommendations, the Beer Permit Board fully implemented four recommendations and partially implemented one recommendation. Details of the implementation status and updated implementation dates can be seen in **Appendix A**.

METHODOLOGY

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

- Reviewed the documentation provided by management as evidence of completion.
- Interviewed key personnel within the Beer Permit Board office.
- Performed testwork on a sample of attendance records and revenue 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, Staff 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 or No Longer Applicable	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 the original audit report dated December 23, 2020, and the current implementation status of each recommendation based on our review of information and documents provided by the Beer Permit Board.

Recommendation	Implementation Actions	Outstanding Issues	Implementation Status
<p>A.1 – Ensure daily reconciliations are being conducted, reviewed, and approved between amounts recorded in the CityWorks system, actual bank deposits, and the R-12 system. Ensure any discrepancies are followed up on and resolved in a timely manner.</p> <p>Assessed Risk Level: High</p>	<p>Reconciliations of revenues between CityWorks and Oracle R12 are being performed with variances attributed to timing difference between when revenues are recorded in CityWorks and reported in Oracle R12.</p> <p>A reconciliation of cash and check payments recorded in CityWorks against deposit slips to verify completeness was performed. Deposit slips for \$7,549 were not found.</p>	<p>Beer Board management should retain all documentation of reconciliations of cash and check payments recorded in CityWorks against deposits slips to verify completeness.</p>	<p>Partially Implemented / Open</p>
<p>B.1: Establish periodic review of CityWorks exception reports for refunds, deleted cases, and waived fees to ensure they are necessary and authorized. Evidence of reviews should be retained for audits and review by other stakeholders.</p> <p>Assessed Risk Level: High</p>	<p>The Executive Director reviewed fees refunded, deleted, or waived during the follow-up audit period. Related to this recommendation is Recommendation C.1 which was fully implemented with the establishment of a departmental policy.</p>	<p>None</p>	<p>Implemented / Closed</p>

APPENDIX A – PRIOR RECOMMENDATIONS AND IMPLEMENTATION STATUS

Recommendation	Implementation Actions	Outstanding Issues	Implementation Status
<p>C.1: Establish formal guidelines for the issuance and approval of all refunds. The guidelines should state under what circumstances fees and fines, especially the state mandated \$250 permit application fee, can be refunded. Supporting documentation verifying refund policies are being followed should be retained in accordance with the Metropolitan Clerk’s General Records Schedule and Record Disposition Authorization.</p> <p>Assessed Risk Level: High</p>	<p>Management has established a formal refund guideline policy effective May 18, 2022. This policy addresses the state mandated \$250 permit application fee and outlines appropriate documentation retention for the transactions.</p>	<p>None</p>	<p>Implemented / Closed</p>
<p>D.1: Ensure cash and check deposits are made within one business day to comply with Metropolitan Finance Department policy.</p> <p>Assessed Risk Level: Medium</p>	<p>Deposits of cash, checks, and money orders are still not always being made within one business day due to staffing issues; however, significant progress has been made by Beer Board staff to ensure that almost all deposits are made within one business day despite staffing obstacles.</p>	<p>None</p>	<p>Implemented / Closed</p>
<p>E.1: Develop and maintain an accurate time and attendance record keeping system for leave time. Retain supporting documentation for leave time request, approvals, and accruals. Periodically reconcile employee leave time taken between the payroll records in the Oracle R-12 system and internal records.</p> <p>Assessed Risk Level: Medium</p>	<p>Adequate documentation of time and attendance records are being kept by the Beer Board. Records were compared to Oracle R12 records. Management is in the process of selecting a designated software for time and attendance records to transition from manual leave tracking.</p>	<p>None</p>	<p>Implemented / Closed</p>