



**A Report to the  
Audit Committee**

**Mayor**  
John Cooper

**Metropolitan Trustee**  
Erica Gilmore

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

**Audit Recommendations Follow-up –  
Audit of the Office of the  
Metropolitan Trustee**

April 20, 2023

Metropolitan  
Nashville  
Office of  
Internal Audit

## EXECUTIVE SUMMARY

April 20, 2023



### Why We Did This Audit

To evaluate management's implementation of previous audit recommendations as of December 31, 2022.

### What We Recommend

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

# Audit Recommendations Follow-Up - Audit of the Office of the Metropolitan Trustee

## BACKGROUND

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On January 12, 2021, the Metropolitan Nashville Office of Internal Audit issued an audit report on the Metropolitan Trustee. The audit scope for this engagement was between July 1, 2018, and June 30, 2020. The audit report included seven recommendations. All recommendations were accepted by management. The 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

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

The scope of the follow-up audit included all seven accepted recommendations that management reported as implemented.

## WHAT WE FOUND

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The Office of the Metropolitan Trustee has fully implemented all seven recommendations. Details of the implementation statuses can be seen in **Appendix A**.

## AUDIT FOLLOW-UP RESULTS

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The initial audit report encompassed the processes surrounding tax collections for the period between July 1, 2018, and June 30, 2020. The audit report included seven 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 seven accepted recommendations that management reported as implemented. Of the seven accepted recommendations, all seven recommendations were fully implemented. Details of the implementation status and updated implementation dates, if applicable, can be seen in **Appendix A**.

## METHODOLOGY

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

- Interviewed key Trustee staff.
- Performed onsite observations of tax collection procedures and security of receipts.
- Reviewed applicable policies and procedures.
- Tested a sample of tax collection transactions and reconciliations.

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

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Jim Carson, CIA, CFE, In-Charge Auditor

Seth Hatfield, CPA, CIA, CFE, CCFO, Quality Assurance

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

## APPENDIX A – PRIOR RECOMMENDATIONS AND IMPLEMENTATION STATUS

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

**Table 1**

<b>Recommendation Implementation Status</b>	
<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 Office of the Metropolitan Trustee made in the original audit report dated January 12, 2021, and the current implementation status of each recommendation based on our review of information and documents provided by the Office of the Metropolitan Trustee.

**APPENDIX A – PRIOR RECOMMENDATIONS AND IMPLEMENTATION STATUS**

Recommendation	Implementation Actions	Outstanding Issues	Implementation Status
<p><b>A.1</b> Ensure two-person integrity documented by both the cashier and senior staff member when reconciling daily cash receipts.</p> <p><b>Assessed Risk Level:</b> <b>High</b></p>	<p>Two-person integrity was in place as evidenced by a review of cash collection documentation for a random selection of seven business days.</p>	<p>None.</p>	<p><b>Implemented / Closed</b></p>
<p><b>A.2</b> Ensure cash receipts are recorded within two business days of deposited in the bank.</p> <p><b>Assessed Risk Level:</b> <b>High</b></p>	<p>Cash receipts are being recorded within two business days as evidenced by a review of cash collection documentation for a random selection of seven business days.</p>	<p>None.</p>	<p><b>Implemented / Closed</b></p>

## APPENDIX A – PRIOR RECOMMENDATIONS AND IMPLEMENTATION STATUS

Recommendation	Implementation Actions	Outstanding Issues	Implementation Status
<p><b>B.1</b> Adjust user access within eGovernment Solutions to ensure employees that accept cash cannot also adjust property tax bills.</p> <p><b>Assessed Risk Level:</b> <b>High</b></p>	<p>Employees that accept cash cannot modify the original tax statement. Adjustments can be made to add or remove tax relief or tax freeze credits, adjust appraisal values based on documentation from the State Board of Equalization or Assessor of Property, and rollback tax amounts from the Assessor of Property. These adjustments show as a separate line in the system.</p>	<p>None.</p>	<p><b>Implemented / Closed</b></p>
<p><b>B.2</b> Ensure that voids and adjustments completed by eGovernment Solutions employees are for limited instances where a request is made by an Office of the Trustee management and the reason is documented.</p> <p><b>Assessed Risk Level:</b> <b>High</b></p>	<p>Voids processed since the original audit were reviewed in the eGovernment Solutions system. No voids have been processed by eGovernment Solutions employees. Additionally, reasons for voids are being documented within the system.</p>	<p>None.</p>	<p><b>Implemented / Closed</b></p>
<p><b>B.3</b> Remove the permissions to process voids and add/edit users from the “Receipting Alternate” and “Lockbox” eGovernment Solutions user groups.</p> <p><b>Assessed Risk Level:</b> <b>High</b></p>	<p>Based on user access documentation provided, the “Lockbox” user group can no longer process voids or add and edit users. The “Receipting Alternate” user group can no longer process voids or add and edit users.</p>	<p>None.</p>	<p><b>Implemented / Closed</b></p>
<p><b>C.1</b> Ensure policies and procedures are updated to reflect current practices and are reviewed and revised annually</p> <p><b>Assessed Risk Level:</b> <b>Medium</b></p>	<p>Office policies and procedures related to cash collections and tax statement preparation were developed and provided for review.</p>	<p>None.</p>	<p><b>Implemented / Closed</b></p>

**APPENDIX A – PRIOR RECOMMENDATIONS AND IMPLEMENTATION STATUS**

Recommendation	Implementation Actions	Outstanding Issues	Implementation Status
<p><b>D.1</b> Complete the implementation of recommendations from July 2015 <u>Audit of the Metropolitan Office of the Trustee Cash Collections</u> audit.</p> <p><b>Assessed Risk Level:</b> <b>Medium</b></p>	<p>All three recommendations from the July 2015 audit were verified to be implemented. Recommendations were in relation to removing reversal capabilities for cashiers, following up with other departments regarding user access to the tax system, and reconciling tax relief vouchers billed to the State of Tennessee with payments received from the State.</p>	<p>None.</p>	<p><b>Implemented / Closed</b></p>

