



**A Report to the
Audit Committee**

Mayor
Karl Dean

Deputy Mayor
Greg Hinote

Audit Committee Members

Robert Brannon
Jacobia Dowell
Steve Glover
Diane Neighbors
Brack Reed
Richard Riebeling

**Audit of the Metropolitan Nashville
Permitting and Licensing System
Upgrade – Interim Report One**

February 24, 2014

Metropolitan
Nashville
Office of
Internal Audit

EXECUTIVE SUMMARY

February 24, 2014



Why We Did This Audit

This system development life cycle audit is to ensure that controls over project management, business processes, data integrity and security are implemented before system go-live.

What We Recommended

Project sponsor should seek to establish and strengthen the governance structure for the project.

AUDIT OF THE METROPOLITAN NASHVILLE PERMITTING AND LICENSING SYSTEM UPGRADE – INTERIM REPORT ONE

BACKGROUND

The land management and permitting software known as KIVA is currently used by 24 agencies in the Metropolitan Nashville Government to provide Nashville citizens with services such as building permits applications, inspections, professional licensing, parcels and streets information lookup, and so forth. The system support contract expired on June 30, 2013. The fiscal year 2013 Capital Spending Plan allocated \$5 million dollars to upgrade this system.

OBJECTIVES AND SCOPE

The objectives of this system development life cycle audit are to determine if the project is implemented successfully by following best industry practices for information system project management.

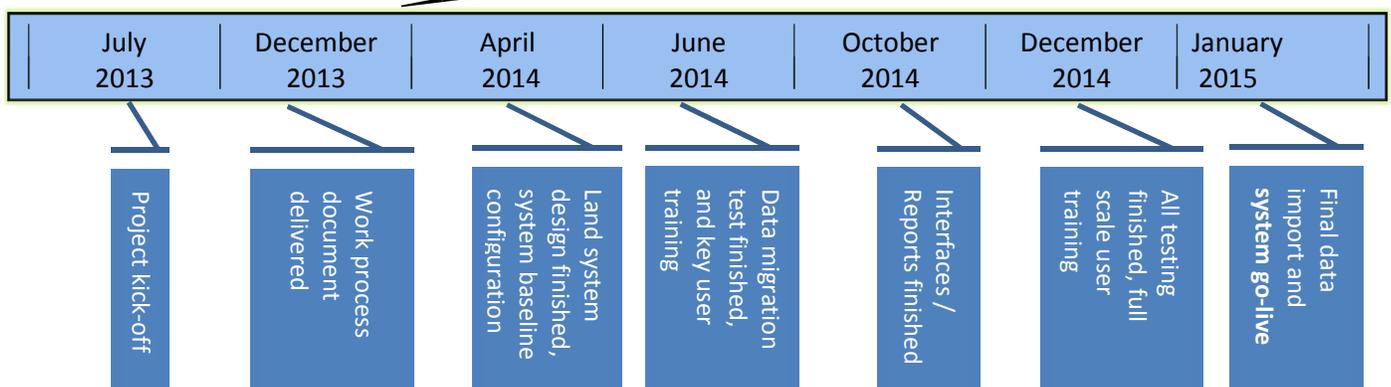
This report covers the project governance practice at the time of the audit.

WHAT WE FOUND

A project steering committee had been formalized and a project charter approved, which addressed stakeholder responsibilities, change control structure, and acceptance criteria. Also, a formal communication plan has been approved by the steering committee.

PROJECT STATUS AS OF JANUARY 31, 2014

Budget: \$5 million
Actual: \$890,971



PROJECT MILESTONES AND COSTS

As of January 30, 2014, the project is progressing according to the schedule proposed by the awarded system integrator, Civic Engineering, with minor positive variances. Out of the \$5 million approved budget, \$891 thousand (18 percent) has been spent.

Expenditure Categories	ACCELA (Vendor)	Civic Engineering (Vendor)	Metro Nashville	Total
Computer Software	\$18,256	\$697,002	\$ 12,707	\$727,965
Computer Software (non-capital)			1,079	1,079
Computer Hardware			161,843	161,843
Other			84	84
Total	\$18,256	\$697,002	\$175,713	\$890,971

Source: Metropolitan Nashville EnterpriseOne financial system.

A summary of the established milestones and current status can be viewed in Appendix A.

AUDIT OBSERVATION

Observation A: Strengthen Project Governance

A formal project governance structure should be established to define the project charter, stakeholder involvement and responsibilities, communication plan, risk assessment methodology, change control structure and quality control structure.

Action taken by Metropolitan Nashville management:

Before substantial project works being performed, a project steering committee was formalized. The steering committee approved the project charter and a communication plan. These two documents addressed stakeholder responsibilities, change control structure, acceptance criteria, and communication structure to be used during the lifetime of the project.

GOVERNMENT AUDITING STANDARDS COMPLIANCE

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.

METHODOLOGY

To accomplish our audit objectives, we performed the following steps:

- Interviewed key stakeholders of the project, such as the Code Department, Planning Department, Water Services, Public Works, and Assessor's Office.
- Attended business process modeling workshops.
- Reviewed and analyzed documentation for compliance with the guidelines of Project Management Body of Knowledge.
- Evaluated internal controls currently in place.
- Considered information technology risks.

AUDIT TEAM

Mark Swann, CPA, CIA, CISA, Metropolitan Auditor
Qian Yuan, CISA, In-Charge Auditor

APPENDIX A – OVERVIEW OF KEY PROJECT PHASES

