

***METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON
COUNTY***



***METROPOLITAN NASHVILLE
AUDIT COMMITTEE***

WORKBOOK

December 8, 2015

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**METROPOLITAN NASHVILLE
AUDIT COMMITTEE MEETING AGENDA
December 8, 2015 4:00 p.m.**

**Committee Room 4
205 Metropolitan Courthouse**

- I. Call Meeting to Order
- II. Approval of Minutes for the November 10, 2015, Meeting (Bob Brannon – Committee Chairman)
- III. New Business
 - Election of Audit Committee Vice-Chairman (Bob Brannon- Committee Chairman)
 - External auditor presentation FY 2015 CAFR (Crosslin & Associates, P.C.)
 - Metro Water Services Clean Water Abatement Program Review (Crosslin & Associates, P.C.)
 - Request to revise 2015 Internal Audit Work Plan to include audit of Clerk & Master (Mark Swann – Metropolitan Auditor)
- IV. Old Business
 - Metropolitan Nashville Audit Committee and Metropolitan Nashville Office of Internal Audit Bylaws annual review (Bob Brannon – Committee Chairman)
 - Annual confirmation of responsibilities outlined in the Metropolitan Nashville Audit Committee Bylaws (Bob Brannon – Committee Chairman, Mark Swann – Metropolitan Auditor)
 - Follow-up on FY 2014 CAFR, Single Audit and Management Letter (Bob Brannon – Committee Chairman)
 - Discussion on proposed supporting internal audit legislation (Mark Swann – Metropolitan Auditor)
- V. Metro Hotline Status and Investigation Reports (Mark Swann – Metropolitan Auditor)
- VI. Internal Audit Project Status (Mark Swann – Metropolitan Auditor)
- VII. Other Administrative Matters (Mark Swann – Metropolitan Auditor)
 - FY2016 budget status
 - CY2016 Audit Committee meeting schedule
- VIII. Consideration of Items for Future Meetings (Bob Brannon - Committee Chairman)
- IX. Adjournment of Public Meeting – Next Meeting February 9, 2016



To request an accommodation please contact Mark Swann at (615) 862-6158.

**METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
METROPOLITAN AUDIT COMMITTEE MEETING**

November 10, 2015

DRAFT MINUTES

On Tuesday, November 10, 2015, at 4:00 p.m., the Metropolitan Nashville Audit Committee met in the Metropolitan Courthouse, 2nd Floor, Committee Room 4. The following people attended the meeting:

Committee Members

Bob Brannon, Chairman
David Briley, Vice-Mayor
John Cooper, At-Large Council Member
Talia Lomax-O'dneal, Director of Finance
Bob Mendes, At-Large Council Member
Brack Reed, Chamber of Commerce

Others

Mark Swann, Metropolitan Auditor
Theresa Costonis, Department of Law
Kim McDoniel, Chief Accountant
Seth Hatfield, Office of Internal Audit

Quorum present? Yes

Call Meeting to Order

Bob Brannon, Committee Chairman, called the meeting to order.

Introduction of New Members

Mr. Brannon introduced the new members of the audit committee. John Cooper and Bob Mendes were recently elected at-large council members and appointed to the Committee. David Briley was elected as Vice-Mayor and Talia Lomax-O'dneal was recently appointed the Director of Finance.

Approval of Minutes

The approval of minutes was deferred until the end of the meeting.

Workbook Orientation

Before discussion began on the Cityworks interim report, Mr. Swann briefed the new members on the workbook that is provided at each audit committee meeting. Mr. Cooper stated that his e-mail address is incorrect in the workbook, and it should be cooperatlarge@nashville.gov.

New Business

Discussion of Audit of the Cityworks Interim System Development Report audit report issued August 30, 2015

Mr. Swann explained that this was the third interim audit report on the Cityworks system. This audit report looked at acceptance testing. There was "bug testing" being performed, but there were no scripts for acceptance testing. The project team agreed acceptance testing was needed and stated that end users need more help in designing scripts of common scenarios. The project has faced many delays. The implementation date is still undetermined. Mr. Briley asked if the install is handled by Metro Nashville Information Technology Services. Mr. Swann stated Civil Engineering is the project implementer. Mr. Swann stated that the system was originally

supposed to go live before Mayor Karl Dean left office. He explained that the project team realized the system had problems, and it was a good idea to hold off on implementation instead of rolling the system out and dealing with issues post implementation. There was a discussion about the budget of the project. Mr. Swann stated that \$2.6 million has currently been paid out, the capital budget was \$5 million, and the estimate to implement was \$4 million. Ms. Lomax-O'dneal stated the savings were intended to provide flexibility to help smaller departments such as the Beer Board and Transportation Licensing Commission that do not have systems in place.

Discussion on Audit of the Circuit Court Clerk's Funds Held in Trust audit report issued September 3, 2015

Mr. Swann explained the scope of the audit focused on payments and receivables. One issue was that one cash drawer was used by multiple employees. In 2014, there was a large distribution out of escrow. Mr. Swann stated that was due to one very large distribution over a case regarding a piece of property that was acquired for the Music City Center construction project. Overall, Mr. Swann stated that the Circuit Court Clerk had good controls in place.

Discussion on Audit of Finance General Reserve Funding and Capital Asset Process audit report issued September 4, 2015

Mr. Swann described the four percent funding process and stated that no issues were found. The audit of capital assets was initiated due to issues around capital assets in previous audits. The main issue regarding capital assets was that around 25 percent of fully depreciated assets could not be located. Mr. Swann stated that there is now a commitment that physical inventories will be conducted triennially. There was also a recommendation to raise the capitalization threshold to \$10,000. This would decrease the amount of required accounting work and make the capital asset process more efficient. Department heads would still be responsible for tracking assets under the capitalization threshold.

Bob Mendes made a statement regarding the accounting records being inadequate with 25 percent of the assets being unidentified. Ms. McDoniel explained that the reason has to do with the lack of communication between the departments and the Finance Department regarding disposals. Ms. McDoniel stated that they were following up on the items that could not be identified to get them off the books. She said the Finance Department would consider raising the threshold, and they will be more diligent reminding departments to conduct physical inventories. Mr. Cooper asked if the depreciation schedule depended on the classification of assets. Ms. McDoniel stated that was correct. Mr. Cooper requested a copy of a balance sheet, and Ms. McDoniel stated it would be in the Comprehensive Annual Financial Report (CAFR) that will be available the beginning of December. Mr. Reed made the comment that vehicles and computers should always be able to be located. Mr. Swann stated that all computers and vehicles were tagged and tracked.

Mr. Briley asked if there was still a sense that the four percent process was still a valuable process for the government regarding spending, planning, and accounting. Ms. Lomax-O'dneal stated she believes it still makes sense to have funds set aside for smaller asset purchases, but there is always room to improve the process.

Discussion on Audit of General Services Department Radio Communication Division audit report issued November 2, 2015

Mr. Swann described the radio communication system used in Metro Nashville. The "A" system is used for public safety, and the "B" system is used by other agencies. The audit looked at the accounting side of the radio shop. There was an issue with keeping radio inventory records up to date. There is also no receivable system, so no information could be provided on agencies that haven't paid. There was a recommendation to improve the receivables process.

Mr. Swann explained that a subject matter expert, John Johnson, was hired for a portion of this audit. Mr. Johnson was commendable of the way the radio shop was managing the radio system. The audit did some evaluation work related to the computer systems supporting the radio system. There were some issues in that area, but those could not be discussed because that information is confidential. Mr. Johnson's report is confidential because it deals with public safety information being transmitted over the radio system.

Mr. Swann explained that the audit committee members could be fingerprinted to receive Criminal Justice Information Systems (CJIS) clearance for confidential reports. There was a discussion of why CJIS clearance was needed and how much information could be divulged to the Committee if they did not have the clearance. Ms. Costonis explained the Tennessee Bureau of Investigation required the clearance for anyone who will have access to law enforcement information. The radio system can be used to transmit public safety information for the Metropolitan Nashville Police Department which is the reason the report was deemed confidential. Mr. Mendes stated that he would like to get fingerprinted for the CJIS clearance.

Mr. Mendes asked if the cost recovery from customer billings was adequate. Mr. Swann said that the difference in expense and revenue could be due to the time the radio shop employees spent on configuring the thousands of radios that went into the field. Ms. Lomax-O'dneal also pointed out that several internal service funds had accumulated significant fund balances and were instructed to adjust some of the rates downward for the purpose of decreasing the positive fund balance over time. Mr. Swann stated that management agreed to the recommendation of doing a more detailed review of what the recovery charge should be.

Discussion on Audit of Parks and Recreation Maintenance Division Audit report issued November 5, 2015

Mr. Swann stated that the Maintenance Division represents approximately a third of the overall Metro Parks and Recreation Department budget. The report stated that the Maintenance Division was doing a good job at maintaining parks, but a recommendation was made to formulate a set of standards in which Metro Nashville parks should be maintained. There was a discussion about park standards. Mr. Reed made the comment that there had been many good directors of the Metro Parks and Recreation Department and their visions should be documented to maintain the high level of parks in Nashville.

Another observation dealt with the work order system not providing management with critical information. Management of the Metro Parks and Recreation Department agreed they would begin researching for a replacement work order system.

Mr. Swann stated that safety training was being done, but recordkeeping of safety training should be improved. He stated the Metro Nashville culture around safety seemed to be lacking. Ms. Lomax-O'dneal asked if Mr. Swann ever considered doing a Metro Nashville-wide safety

audit. He said a comprehensive safety audit was being considered for next year's Audit Work Plan.

A motion to accept the presented audit reports was made, seconded, and carried.

Metropolitan Nashville Audit Committee and Metropolitan Nashville Office of Internal Audit Bylaws annual review

The confirmation of the bylaws was deferred until the next meeting to allow time for the new committee members to review the information.

Annual confirmation of responsibilities outlined in the Metropolitan Nashville Audit Committee Bylaws

The confirmation of responsibilities was deferred until the next meeting to allow time for the new committee members to review the information.

Annual assessment of Metropolitan Auditor's performance

Mr. Brannon explained that each year, an assessment of the Metropolitan Auditor is drafted in the form of a letter from the Chairman to the Committee, and the Metropolitan Auditor's performance must be approved by the Committee. The letter would be forwarded to Human Resources Department once approved. A motion for the acceptance of the assessment was made, seconded, and carried.

Old Business

Follow-up on CAFR, Single Audit and Management Letter (Bob Brannon – Committee Chairman)

Mr. Brannon explained to the new Committee members that the CAFR is usually left open to allow discussion if anyone has any additional questions or comments. He stated that the FY2015 CAFR should be available soon. Ms. McDoniel confirmed it would be available the beginning of December. There were no questions regarding the CAFR.

Discussion on proposed supporting internal audit legislation (Mark Swann – Metropolitan Auditor)

Mr. Swann stated that the new legislation was written to provide additional support to the internal audit function for areas the Metropolitan Nashville Charter does not address. The legislation clarifies the Office of Internal Audit has access to records. Mr. Swann explained that third party vendors have been hesitant to provide information to the Office of Internal Audit in the past. The legislation also states that internal auditors are responsible for protecting the confidentiality of the information they receive.

The new legislation would also provide the Office of Internal Audit the authority to initiate investigations. In the past, information obtained from hotline calls is presented to the impacted department, and the director may request the Office of Internal Audit to assist with the investigation. Also, the Local Government Office from the Tennessee Comptroller has asked the Office of Internal Audit to conduct investigations in the past.

There was a discussion from the Committee about why the Metropolitan Auditor could not initiate investigations. Mr. Swann stated that the Department of Law determined that the Office of Internal Audit lacks authority to initiate investigations. Ms. Costonis stated that the

Metropolitan Nashville Council could interpret what “Other Audit Services” would entail. The proposed legislation would be added to the existing legislation to allow the Metropolitan Auditor to initiate investigations.

Mr. Mendes suggested that Nashville Electric Service would believe the “Scope of Services” proposed legislation is in conflict with the Metropolitan Nashville Charter. The Metropolitan Nashville Airport Authority was also discussed as an entity that would disagree with the proposed legislation. The Committee considered the reasoning for the proposed legislation for “Scope of Services.” The bylaws were updated in the past, but updating the Metropolitan Nashville Code would make the scope of services more prominent.

Mr. Briley stated that it was not the intention of the Metropolitan Nashville Council for the Metropolitan Auditor not to be able to initiate investigations. Mr. Swann explained that was the impression of some other members in the past, and this legislation would clarify it.

Mr. Swann explained that the purpose of this item was to introduce the proposed legislation at this meeting, and it could be discussed more in the December meeting.

(Mr. Briley left the committee meeting at 5:10 PM)

Internal Audit Project Status (Mark Swann – Metropolitan Auditor)

Mr. Swann explained that 12 out of 19 audit reports had been completed with four projects in progress. The goal is to complete 19 audit reports by January 31, 2016.

Metro Hotline Status and Investigation Reports (Mark Swann – Metropolitan Auditor)

There has been one hotline call this year. Chris Henson with Metropolitan Nashville Public Schools asked if the hotline could be used as part of an internal investigation being conducted relating to recent Channel 5 news stories. In the last few days, around ten hotline calls have come through in regards to that investigation.

Approval of Minutes

The minutes of the July 28, 2015, audit committee meeting were approved.

Other Administrative Matters (Mark Swann – Metropolitan Auditor)

Mr. Swann stated that the Office of Internal Audit is currently under budget and is currently down one employee.

The next audit committee meeting is scheduled for December 8, 2015. Mr. Swann suggested that the Committee determine if they would rather meet monthly or quarterly. That decision will be deferred until the next audit committee meeting.

Mr. Reed pointed out that the Vice-chairman is no longer on the Committee. He suggested that the appointment of a new Vice-chairman be added to the next agenda.

Mr. Swann stated that Jack Henry was recently hired as a Senior Auditor, and he was previously employed by the Office of Internal Audit.

Ms. Lomax-O'dneal asked when the audit plan was prioritized. Mr. Swann said that would be in the February 2016 meeting.

Meeting adjourned after 78 minutes.

**METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
METROPOLITAN AUDIT COMMITTEE MEETING**

July 28, 2015

On Tuesday, July 28, 2015, at 4:00 p.m., the Metropolitan Nashville Audit Committee met in the Metropolitan Courthouse, 2nd Floor, Committee Room 4. The following people attended the meeting:

Committee Members

Bob Brannon, Chairman
Brack Reed, Chamber of Commerce
Richard Riebeling, Director of Finance
Jacobia Dowell, Councilmember
Steve Glover, Councilmember

Others

Mark Swann, Metropolitan Auditor
Theresa Costonis, Department of Law
Kim McDoniel, Metro Finance
David Hunt, Crosslin and Associates
Dan Miller, Crosslin and Associates
Ben Nichols, Crosslin and Associates
Dell Crosslin, Crosslin and Associates

Committee Member Absent

Diane Neighbors, Vice-Mayor

Quorum present? Yes

Call Meeting to Order

Bob Brannon, Committee Chairman, called the meeting to order.

Approval of Minutes

The minutes of the meeting on February 10, 2015, were approved, with a few corrections.

New Business

External auditor presentation fiscal year 2014 Single Audit and Management Letter (Crosslin & Associates, P.C.)

David Hunt from Crosslin and Associates began by stating that no material weaknesses or significant deficiencies were found for fiscal year 2014. He noted that if no weaknesses are found in fiscal year 2015 as well, they can drop the A-133 Single Audit from high-risk to low-risk auditing. This will reduce the number of programs that have to be tested. Mr. Hunt then discussed the less serious findings listed in the management letter. The areas they made recommendations were the timeliness of reconciliations, outstanding items more than one year and using a modified approach for infrastructure reporting.

Dan Miller from Crosslin and Associates discussed the A-133 Single Audit compliance requirements. Mr. Miller reminded everyone that there were no material weaknesses in the financial reporting. He also noted there were no material findings with compliance for federal grant programs. This is also the first year for A-133 purposes that there were no findings. The \$57 million decrease in total federal expenditures over the past two years was because mainly the American Recovery and Reinvestment Act programs were discontinued, and the Flood

Recovery money has decreased significantly. About \$100 million, or about 60 percent, of the federal programs, relate to Metropolitan Nashville Public Schools, which is consistent with the past several years.

Mr. Miller then discussed the programs they tested during their audit, which totaled about 55.5 percent of total federal expenditures for the year. Mr. Reed asked if that percentage will drop below 50 percent if Metro moves from high risk to low risk auditing. Mr. Miller stated that the low-risk percentage is currently at 25 percent, but new guidelines will change that low-risk figure to 20 percent in 2016.

External auditor presentation fiscal year 2015 Audit Communication (Crosslin & Associates, P.C.)

Mr. Hunt talked about the audit plan for fiscal year 2015. He noted there will be no changes in team members from fiscal year 2014 to fiscal year 2015, and he gave a brief explanation of the responsibilities of the auditors and management, independence, fraud risk, and audit methodology. He reminded everyone that there were no material weaknesses found for fiscal year 2014, but the other recommendations from the management letter will be looked at again.

Mr. Hunt discussed upcoming Government Accounting Standards Board (GASB) statements, three of which will have to be adopted in fiscal year 2015: GASB Statement No. 68, 69, and 71. *GASB Statement No. 68 - Accounting and Financial Reporting for Pensions* will require the pension obligation to be reported as a liability in the books, and will show a significant effect on equity in the balance sheet. *GASB Statement No. 69 - Government Combinations and Disposals of Government Operations* is not anticipated to show a major effect. *GASB Statement No. 71 - Pension Transition for Contributions Made Subsequent to the Measurement Date* will be implemented with GASB Statement No. 68 and will not have a separate effect in itself. *GASB Statement No. 75 – Accounting and Financial Reporting for Other Post-Employment Benefits*, which will not be in effect until 2018, is similar to GASB Statement No. 67 and 68, but deals with other post-employment benefits, rather than pension benefits, and will result in a much larger liability being added to the books.

Mr. Hunt discussed the deadlines for the audit and planned to report the results of the audit to the Committee by December 8, 2015.

Presentation on Metropolitan Nashville Airport Authority Internal Audit (Mark Swann – Metropolitan Auditor)

Mr. Swann gave a brief explanation of the request by the Committee to look into the Metropolitan Nashville Airport Authority's internal audit function and report his findings. The Metropolitan Nashville Airport Authority has an audit group consisting of two internal auditors who report to the president and chief executive officer, as well as to their audit committee. They are professional internal auditors, practice continuing education, and follow the Institute of Internal Auditors International Professional Practices Framework standards. A peer review has yet to be completed but is planned for this year. The Metropolitan Nashville Airport Authority's audit plan for 2015 includes audits of technology risks, concession agreements, and passenger fees. All reports are available on the website. Mr. Brannon asked who conducted their external audit. Mr. Hunt answered with Dixon Hughes Goodman LLP. Mr. Reibeling noted that it appears the Metropolitan Nashville Airport Authority's audit group does a thorough job with their audits and Mr. Swann agreed.

Discussion on Audit of Davidson County Clerk's Cash Collection audit report issued March 24, 2015

Mr. Swann discussed the audit of the Davidson County Clerk's Cash Collection process. Approximately 97 percent of the Davidson County Clerk's revenue is motor vehicle related. The audit found that proper controls are in place, and there are written policies and procedures related to cash collection. Recommendations were made for improvement in internal controls, specifically with cash handling segregation of duties and implementing a way to track birth certificate forms inventory.

Discussion on Audit of Medical Examiner's Office audit report issued April 14, 2015

Mr. Swann gave a description of the medical examiner's office, which is outsourced to Forensic Medical Management Services, and discussed the internal audit findings. Recommendations were made for improvements that included creating and executing a contract monitoring plan, and looking at per capita cost associated with the office. The per capita cost for Davidson County is more than three times the state average, and two times the national average. Mr. Glover asked why the cost was so high. Mr. Swann said that it could be due to only one bidder responding when the proposal came out, lack of competition, and previous issues with professionalism in the medical examiner's office. Knox County was outsourced but has since brought it in-house, with estimated savings between \$1 and \$1.5 million per year. Mr. Swann stated that the Metro Public Health Department, on behalf of the Metropolitan Nashville Government, preferred to delay any efforts to review contract terms until the renewal of the existing contract in 2018.

Discussion on Audit of Metro Public Works Parking Management audit report issued June 29, 2015

Mr. Swann briefly explained the scope of the audit, focusing on the collection of parking meters and oversight of downtown garages. The collection of coins seemed to be well controlled. However, the collection of bill currency was not as controlled. Tickets were not being written on rainy days because the tickets would deteriorate. The audit recommended Metro Public Works buy sleeves for the tickets to increase revenue on rainy days. Recommendations were made for handicapped parking abuse with ideas for better controlling who can use the handicapped parking tags for free parking. Ms. Dowell asked if that was the State's responsibility. Mr. Swann stated the audit report recommended Metro Public Works coordinate with the State in reviewing legislation for this issue. There were also a few issues with miscellaneous fees where Metro Public Works was unable to provide documentation for the auditors to ensure completeness, such as not billing any valet parking fees in the past year.

Mr. Swann also mentioned that the Nashville Downtown Partnership showed a few problems where they were not providing detailed documentation for all their checks written for the behalf of Metropolitan Nashville Government owned garages. Mr. Brannon asked who the Downtown Partnership is. Mr. Reibeling explained it is a nonprofit association that oversees certain projects in the downtown area, the city funds them, and they get a share of the parking profits that they use for downtown betterment. Mr. Swann added that they manage two Metropolitan Nashville Government owned garages along with day to day operations for the Central Business Improvement District and the Gulch Improvement District. Mr. Reibeling asked if Mr. Swann has looked into an audit of the Downtown Partnership, and Mr. Swann responded that the Office of Internal Audit has audited the Central Business Improvement District and the Gulch Improvement District within the past few years.

Discussion on Audit of Metropolitan Nashville Police Department Secondary Employment audit report issued July 8, 2015

Mr. Swann stated that Metropolitan Nashville Police Department is performing proper maintenance of files, scheduling officers in a fair manner, and satisfying customers with the provided services. There were a few issues with segregation of duties with collecting money, which was corrected immediately by management when it was brought to their attention. Mr. Swann then informed the Committee that the Chief of Police has yet to respond to the audit report. Mr. Glover asked about the budget and what this group is used for. Mr. Reibeling explained it is outside contracted organizations that need a uniformed officer for different functions, other than general police work.

Discussion on Audit of Hotel Occupancy Taxes Fiscal Year 2015 audit report issued July 9, 2015

Mr. Swann discussed the annual report for hotel occupancy tax audits. He stated that in fiscal year 2015 about \$126,000 was the net audit claim, and \$109,456 of that amount has been collected. The number of hotel audits completed in 2015 was less than in 2014. This is due to trying to identify hotels where the number of rooms rented did not align with the estimated 70 to 80 percent occupancy rate for the hotel property. Mr. Brannon asked how this revenue was used. Mr. Reibeling explained that it went to the convention center, the Metropolitan Nashville Government general fund, and to tourist promotion.

Discussion on Audit of Metropolitan Office of Trustee Cash Collections Process audit report issued July 24, 2015

Mr. Swann discussed the Metropolitan Office of Trustee cash collection process. The audit covered the past three years, with about \$2.5 billion in cash collection during that time. He noted there were good controls around the cash collection process, but there were a few areas such as transferring custody on tills that could be improved. Some problems were found with reversals of tax payments, which will be better controlled with the new TaxMan system that is being implemented. Mr. Glover asked why in fiscal year 2014 only about 95 percent of budgeted property taxes had been collected. Mr. Swann said that they were still working on collecting outstanding property tax balances.

Discussion on Audit of Metropolitan Nashville Fire Department Payroll Process audit report issued July 24, 2015

Mr. Swann mentioned that 63 percent of the Metropolitan Nashville Fire Department's expenditures were payroll related. It was found that the Department had reasonable controls in the payroll process, but they use a scheduling system that uses an Excel spreadsheet to export time records to the EnterpriseOne Payroll system. There were some issues found with this system, including too many employees with administrative privileges, and the risks associated with using an Excel spreadsheet, such as making changes without documentation. Recommendations were made to improve the documentation of changes made to the Excel spreadsheet interface. Mr. Brannon asked if the Metropolitan Nashville Fire Department employees work extra hours, as the police do with secondary employment. Mr. Reibling said that they did not have a secondary employment function like the police. Mr. Glover commented that he believes the Metropolitan Nashville Fire Department scheduling process needs to be reviewed.

Old Business

Follow-up on FY2014 CAFR external auditor presentation (Bob Brannon – Committee Chairman)

Mr. Brannon asked if there were any comments or questions on the CAFR. The Committee members expressed no concerns.

Discussion on proposed supporting internal audit legislation (Mark Swann – Metropolitan Auditor)

Mr. Swann suggested delaying the discussion until the next audit committee meeting, as there may be changes made to the Committee membership, but asked to be made aware of any concerns from the Committee members. Motion to defer was accepted.

Internal Audit Project Status (Mark Swann – Metropolitan Auditor)

Mr. Swann explained that internal audit completed 7 of the 14 planned projects for the year. Three audits are in process, the Radio Shop, Parks and Recreation Maintenance, and the Metropolitan Nashville Government Revenue Forecasting. The Office of Internal Audit is waiting on Comcast to provide requested audit information for the Comcast Franchise Fee audit to start. The draft report for the Metropolitan Nashville Government Fixed Assets Process is pending.

Metro Hotline Status and Investigation Reports (Mark Swann – Metropolitan Auditor)

There was one call to the hotline in calendar year 2015 and one request for investigation that was completed.

Other Administrative Matters (Mark Swann – Metropolitan Auditor)

Mr. Swann mentioned that mainly due to employee turnover, the FY2015 budget for Internal Audit will be \$200,000 under budget for the fiscal year. The FY2016 budget has been approved. Staff changes for Internal Audit were announced.

Mr. Swann thanked the Committee members for their service and support.

Meeting adjourned after 60 minutes.

Approved by the Metropolitan Nashville Audit Committee at the November 10, 2015, meeting.



FY 2015 CAFR PRESENTATION

and

Metro Water Services Clean Water
Abatement Program Review

Swann, Mark (Internal Audit)

From: Swann, Mark (Internal Audit)
Sent: Friday, November 13, 2015 2:55 PM
To: Bob Brannon; Brack Reed; Briley, David (Vice Mayor); Cooper, John (Council Member); Lomax-O'dneal, Talia (Finance Director's Office); Mendes, Bob (Council Member)
Cc: Townsend, Tim (STC)
Subject: Audit Request - Clerk and Master

Audit Committee Members:

The Office of Internal Audit has received a request to audit the expenses, revenue collections, leave accounting , and follow-up of prior audit recommendations for the Clerk and Master of the Chancery Court. This is due to the pending departure of the current Clerk and Master, Cristi Scott. The last audit of the Clerk and Master was completed in August 2013.

Please let me know individually if you do not believe that this will be a good use of the Office of Internal Audit resources. Otherwise, I will initiate the audit and request subsequent approval at the December 8, 2015, Audit Committee meeting.

Have a wonderful and safe weekend.

Mark Swann

Mark S. Swann – Metropolitan Auditor

Metropolitan Nashville Office of Internal Audit
Tel: 615 862-6158 | Mobile: 615 974-8700 | Fax: 615 862-6425

From: Townsend, Tim (STC)
Sent: Friday, November 13, 2015 10:59 AM
To: Swann, Mark (Internal Audit)
Cc: Scott, Cristi (Clerk & Master); Bonnyman, Chancellor Claudia (STC); Lyle, Chancellor Ellen (STC); McCoy, Chancellor Carol (STC); Perkins, Chancellor Russell (STC); Werner, Joe (STC)
Subject: Audit requested

Cristi Scott will not seek reappointment as Clerk and Master. Her term expires November 30th. A new clerk will be appointed soon after.

Due to this transition, consider this email as a request to perform an audit on the Clerk and Master's Office as soon as practical.

Please advise. Thank you.

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Annual Review

Metropolitan Nashville Audit Committee Bylaws

Metropolitan Nashville Office of Internal Audit Bylaws

FY 2015 Audit Committee Confirmation of Responsibilities

		Meets Expectations	Caution	Needs Improvement	Comments
Financial Statements	1. Review the results of audits, including any difficulties encountered, and follow up as appropriate.	√			FY2014 CAFR Discussed with Crosslin & Associates December 9, 2014; Management Letter and Single Audit discussed July 28, 2015.
	2. Review with Metro Nashville management and the external auditors all matters requiring communication to the Committee under generally accepted auditing standards.	√			FY2015 Crosslin & Associates audit plan presentation on July 28, 2015.
Risk Management and Internal Control	3. Understand the scope of internal and external auditors' reviews of internal controls over financial reporting and government service activities, and obtain reports on significant observations and recommendations, together with department, board, commission, officer or agency management's responses.	√			Crosslin & Associates FY2014 Management Letter discussed July 28, 2015. Office of Internal Audit reports concerning internal control environment routinely discussed during committee meetings.
	4. Engage with Metropolitan Auditor in performing a Metro Nashville entity-wide risk assessment to form an audit work plan.	√			Internal Audit Annual Work Plan recommendations and risk prioritization reviewed by Committee on February 10, 2015.
	5. Meet with auditee after issuance of audit report by Metropolitan Auditor to discuss observations. Hold follow-up to monitor corrective actions implemented by auditee.	√			Status of audit recommendations implementation follow-up included in the Office of Internal Audit <i>Annual Report November 2013 to October 2014</i> issued to Metropolitan Nashville Council on February 24, 2015. Meeting with Register of Deeds October 14, 2014.
Internal Audit	6. Review and approve the audit plan and all major changes to the plan.	√			Annual Internal Audit Work Plan Approved on February 10, 2015.

FY 2015 Audit Committee Confirmation of Responsibilities

		Meets Expectations	Caution	Needs Improvement	Comments
	7. Review and approve the Division of Metropolitan Audit Bylaws annually.	√			Bylaws last reviewed October 14, 2014.
	8. Assure continued independence of Metropolitan Auditor. Ensure there are no unjustified restrictions or limitations to the discharge of internal audit responsibilities.	√			Confirmation included in the Office of Internal Audit <i>Annual Report November 2013 to October 2014</i> issued to Metropolitan Nashville Council on February 24, 2015.
	9. Review annually the activities, staffing and organizational structure of the internal audit function.	√			Administration of Internal Audit Office reviewed as a standing Audit Committee meeting agenda item.
	10. Review the effectiveness of the internal audit function, including compliance with generally accepted government auditing standards.	√			Last peer review completed July 10, 2014, with an opinion the Metropolitan Nashville Office of Internal Audit quality control system was suitably designed and operating effectively to provide reasonable assurance of compliance with Government Auditing Standards.
	11. Recommend the appointment of the Metropolitan Auditor.	√			Recruitment and interviews conducted in Spring 2014 with recommendation made to Metropolitan Nashville Council on May 20, 2014.
	12. For cause remove the Metropolitan Auditor.	√			Not applicable.
	13. At least once per year, review the performance of the Metropolitan Auditor and concur with the annual compensation and salary adjustment.	√			Committee reviewed as part of 2014 Metropolitan Auditor recruitment for recommendation to the Metropolitan Nashville Council.
Reporting	14. Issue annual report to the Council and Mayor regarding Committee activities, issues and related recommendations.	√			Confirmation included in the Office of Internal Audit Annual Report November 2013 to October 2014 issued to Metropolitan Nashville Council on February 24, 2015.

FY 2015 Audit Committee Confirmation of Responsibilities

		Meets Expectations	Caution	Needs Improvement	Comments
	15. Provide an open avenue of communication between internal audit, the external auditors, and department, board, commission, officer or agency management.	√			Meetings with internal and external auditors. Management corrective action plans included in final internal audit reports and external auditors management letter.
	16. Review any other Government issued reports related to committee responsibilities.	√			Crosslin & Associates' review of the Metro Water Services Clean Water Abatement Program was discussed at the December 9, 2014 committee meeting. Register of Deeds corrective action plan discussed October 14, 2014
Other	17. Ensure committee members undergo appropriate orientation upon appointment.	√			Orientation meetings for new council member appointments conducted in October and November 2015.
	18. Review and assess the adequacy of the committee bylaws annually, requesting approval for proposed changes, and ensuring appropriate disclosure as may be required by law or regulation.	√			Bylaws last reviewed October 14, 2015.
	19. Confirm annually that all responsibilities outlined in these bylaws have been carried out.	√			Last reviewed and confirmed October 14, 2015.
Meetings	20. The Committee will meet at least once per quarter	√			FY 2014 - Meeting held July 8, 2014, October 14, 2014, December 9, 2014, February 10, 2015, March 12, 2015 (MNPS Report to Council). FY2015 - July 28, 2015.
	21. Meeting agendas along with appropriate briefing materials will be prepared and provided in advance to members by the Metropolitan Auditor.	√			Agenda, internal audit reports and other selected material provided by e-mail prior to Audit Committee meetings by the Metropolitan Auditor.
	22. Minutes will be prepared by the Metropolitan Auditor.	√			Minutes were prepared and posted on Office of Internal Audit web site after approval.

FY 2015 Audit Committee Confirmation of Responsibilities

		Meets Expectations	Caution	Needs Improvement	Comments
Composition	23. Follow the provisions provided in Metropolitan Code of Law, Section 2.23.300(E) Division of Metropolitan Audit.	√			Audit Committee membership is consistent with Metropolitan Code of Laws requirements.

Work Paper Purpose: To document the annual assessment of Metropolitan Nashville Audit Committee Bylaws responsibilities addressed by the Committee.

Committee Purpose: The Metropolitan Nashville Audit Committee is to ensure that the Metropolitan Government of Nashville and Davidson County (Metro Nashville) has effective, efficient, and sustainable internal controls over its major risks.



FY 2014 CAFR PRESENTATION



FY2014 Management Letter

FY2014 Single Audit

ORDINANCE NO. BL2015-___

An ordinance amending section 2.24.300 of the Metropolitan Code.

Whereas, it would facilitate the ability of the Division of Metropolitan Audit to perform its functions as contemplated in Section 8.121 of the Charter and Section 2.24.300 of the Metropolitan Code, to require all metropolitan departments and agencies to fully cooperate with the audits and investigations of that office; and,

Whereas, it is also desirable to establish a process by which suspected illegal, improper, wasteful, or fraudulent activity can be reported and investigated; and,

Whereas, it is further beneficial to ensure that certain additional information is communicated in a timely manner to the Division of Metropolitan Audit; and,

Whereas, it is also desirable to establish that the Division of Metropolitan Audit scope of service encompasses any departments, boards, commissions, officers, or agencies of the Metropolitan Government; and,

Whereas, the citizens of Nashville and Davidson County will benefit through the actions contemplated herein.

NOW, THEREFORE, BE IT ENACTED BY THE COUNCIL OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY:

Section 1. Section 2.24.300 of the Metropolitan Code is hereby amended by adding the following new subsections H. through L. to the end of Section 2.24.300:

H. Access to Records.

1. The Division of Metropolitan Audit personnel shall have full access to all Metropolitan Government of Nashville and Davidson County records, agreements, information systems, properties, and personnel. Accordingly, Metropolitan Government of Nashville and Davidson County or any of its related entities' officials, employees, consultants, and contractors shall furnish any requested information and records within their custody and respond to any questions regarding powers, duties, activities, organization, property, financial transactions, and methods of business.

2. The Division of Metropolitan Audit and its personnel are individually responsible and accountable for maintaining the confidentiality of the information they receive during the course of their work and complying with any other regulatory requirements necessitated by their being granted such access. Division of Metropolitan Audit personnel shall not publicly disclose any information received that is considered confidential in nature by any local, state, or federal law or regulation.

3. In addition, Metropolitan Government of Nashville and Davidson County or any of its related entities' officials, employees, consultants, and contractors shall

provide access to Division of Metropolitan Audit personnel for the inspection of all property, equipment, and facilities within their custody and the observation of any operations for which they are responsible.

I. Other Audit Services.

In addition to financial, performance, or other audit services, the Division of Metropolitan Audit shall establish a process by which suspected illegal, improper, wasteful, or fraudulent activity can be reported. The Metropolitan Auditor shall investigate, or cause to be investigated, all activity reported by this process. The disposition of all reports shall be communicated to the Metropolitan Nashville Audit Committee, Metropolitan Mayor, and Department of Law.

J. Notice of Instance of Fraud, Waste, and Abuse.

All reports of unlawful conduct completed in accordance with the State of Tennessee Local Government Instances of Fraud Reporting Act involving Metropolitan Government of Nashville and Davidson County departments, boards, commissions, officers, or agencies shall be communicated in a timely manner to the Metropolitan Auditor. Such reports shall also be communicated to the office of the Comptroller of the Treasury if so required by state law.

K. Notice of Audit Activities.

The engagement plans and final reports for all financial, performance, and other audit activities conducted on the behalf of Metropolitan Government of Nashville and Davidson County departments, boards, commissions, officers, or agencies shall be communicated in a timely manner to the Metropolitan Auditor.

L. Scope of Services.

The Division of Metropolitan Audit is authorized to conduct financial audits, performance audits or other audit services, including disposition of fraud incidents, concerning any departments, boards, commissions, officers, or agencies of the Metropolitan Government. Departments, boards, commissions, officers, and agencies of the Metropolitan Government means those entities which encompass all of the governmental and corporate functions previously performed by Davidson County and the City of Nashville existing at the formation of the Metropolitan Government, and any public entity whose existence is created or authorized by the Metropolitan Charter or the Metropolitan County Council.

Section 2. This ordinance shall take effect from and after its final passage, the welfare of The Metropolitan Government of Nashville and Davidson County requiring it.

RECOMMENDED BY:

Robert Brannon, Chair
Audit Committee

INTRODUCED BY:

Council Member(s)

APPROVED AS TO THE AVAILABILITY
OF FUNDS:

Talia Lomax-O'dneal, Director
Department of Finance

APPROVED AS TO FORM AND
LEGALITY:

Assistant Metropolitan Attorney

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Metropolitan Nashville Office of Internal Audit
Audit Project Status
As of December 8, 2015

Projects	Planning	Fieldwork	Report	Report Phase	
				Draft	Final
Completed					
01) Police Department Secondary Employment			✓		Jul-15
02) County Clerk- Cash Collections			✓		Mar-15
03) Permitting Upgrade (City Works) System Development Audit			✓		Aug-15
04) Medical Examiner's Office			✓		Apr-15
05) Metropolitan Nashville Public Schools			✓		Feb-15
06) Hotel Motel Tax Summary FY 2015			✓		Jul-15
07) Public Works Parking			✓		Jun-15
08) Fire Department Payroll			✓		Jul-15
09) Trustee Office Cash Collections			✓		Jul-15
10) Finance Department Asset Accounting & 4% Funding			✓		Sep-15
11) Circuit Court Clerk Funds Held in Trust			✓		Sep-15
12) Parks and Recreation Maintenance			✓		Nov-15
13) General Services 800 MHz Radio Shop			✓		Nov-15
14) Metro-Wide Revenue Forecasting			✓	Dec-15	
15) Health Department Immunization Program			✓	Dec-15	
16) Comcast Franchise Fee		✓			
17) Juvenile Court			✓	Jan-16	
18) ITS Microsoft Exchange Email	✓				
19) Farmers Market	✓				
20) Clerk and Master	✓				
Anticipated to Start Next 3 weeks					
Metro IntegrityLine Alerts Calendar Year 2015 - New Hotline Just Opened			Total	Closed	Pending
Metro Hotline Alerts (Fraud, Waste & Abuse)			19	1	0
Cases Reported to State of TN			0	0	0
Cases Tasked to OIA by State of TN			1	1	0
Cases Tasked to OIA by Metro Entities			0	0	0

Note: Goal to complete 19 audit projects for Plan Year 2015. Currently 13 audit projects are completed, and 4 audit projects are in field work or draft report phase.

**Metro Nashville Government
Waste and Abuse Hotline**

**Waste?
Fraud?
Abuse?**



Your Call Matters

Report Any Problems Toll-Free

You Don't Have To Give Your Name

1-855-252-7606 or

www.hotline-services.com

Use Organization Name: Metro Nashville

We Can't Do It Without You

**Summary of Hotel Occupancy Tax Audit Results
As of December 3, 2015**

Fiscal Year	Number of Audits	Total Hotel Revenue	Total Tax Reported	Tax Underpaid	Penalty & Interest	Tax Overpaid
2013	18	\$ 63,740,705	\$ 5,385,583	\$ 37,849	\$ 14,974	\$ 30,766
2014	29	\$ 182,368,581	\$ 14,242,187	\$ 351,732	\$ 123,638	\$ 60,308
2015	14	\$ 42,664,158	\$ 2,849,694	\$ 100,166	\$ 37,551	\$ 11,382
2016	4	\$ 28,012,284	\$ 2,266,991	\$ 23,834	\$ 9,468	\$ 12,552
Grand Total	65	\$ 316,785,728	\$ 24,744,455	\$ 513,582	\$ 185,631	\$ 115,008
Fiscal Year	Percent of Tax Underpayment	Net Claims				
2013	-0.7%	\$ 22,058				
2014	-2.5%	\$ 415,061				
2015	-3.5%	\$ 126,335				
2016	-1.1%	\$ 20,750				
Total	-2.1%	\$ 584,204				

**Office of Internal Audit Budget versus Actual
GSD General Fund as of December 3, 2015**

FY 2016 Approved Budget

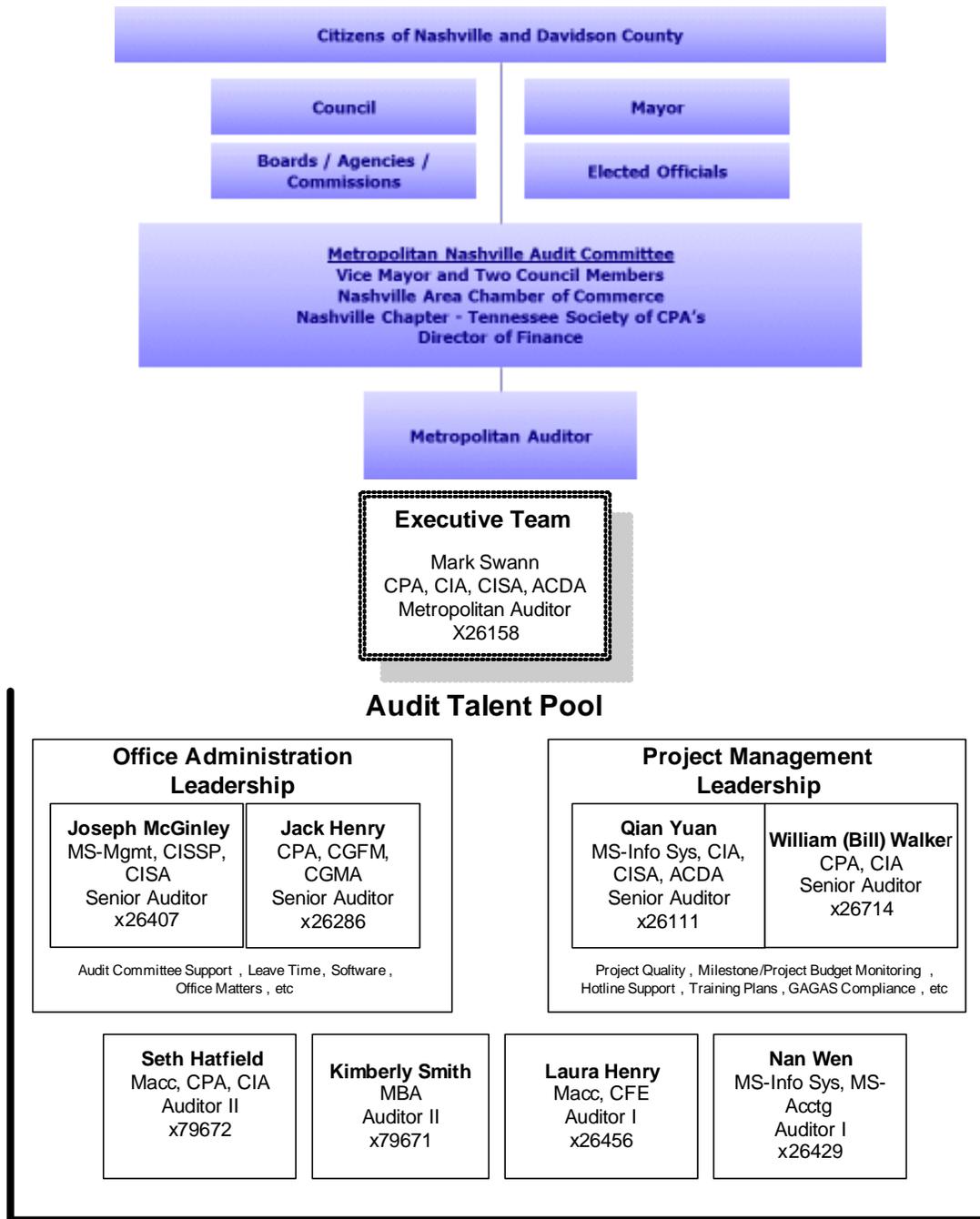
	FY 2016 Budget	Actual As of Nov 5, 2015	Difference	Notes
Total Salaries & Fringe	\$ 1,049,900	\$ 330,641	\$ 719,259	
Other Expenses				
Professional & Purchased Services	75,100	12,425	62,675	
Building Rent Parkway Towers	55,500	22,901	32,599	
Other Expenses	71,700	20,849	50,851	
Internal Service Fees	38,200	38,200	-	Information Technology
TOTAL EXPENSES	\$ 1,290,400	\$ 425,016	\$ 865,384	

30003 General Fund 4% Reserve

\$ 11,689	\$ -	\$ 11,689
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AX Core Server Software & Training; Office Furniture

Metropolitan Nashville Office of Internal Audit



Sept 2015 Re-hire: Jack Henry, Senior Auditor

One open position - Internal Audit Manager

**METROPOLITAN NASHVILLE AUDIT COMMITTEE
RECOMMENDED 2016 MEETING PLAN**

Meeting Date	Proposed Agenda Topics
February 9, 2016	<ul style="list-style-type: none"> • Office of Internal Audit Annual Performance Report • Internal Audit Annual Work Plan approval • Internal Audit issued report discussion • Follow-up Comprehensive Annual Financial Report, Single Audit Report, and Management Letter
April 12, 2016	<ul style="list-style-type: none"> • External Audit Single Audit and Management Letter presentation • Information Security Program Update • Internal Audit issued report discussion • Follow-up Comprehensive Annual Financial Report
July 12, 2016	<ul style="list-style-type: none"> • External Audit plan and required communications • Internal Audit issued report discussion • Follow-up Comprehensive Annual Financial Report, Single Audit Report, and Management Letter
October 11, 2016	<ul style="list-style-type: none"> • Metropolitan Audit Committee self-assessment • Metropolitan Auditor performance review • Bylaws annual review • Internal Audit issued report discussion
December 13, 2016	<ul style="list-style-type: none"> • External Audit Comprehensive Annual Financial Report • Internal Audit issued report discussion

CY 2015 Approved Audit Plan As of December 8, 2015

*Co-source	CY 2014 Audits In Progress	Hours	Total Hours	Status
1	Police Department - Secondary Employment	80	80	Completed
2	County Clerk's Office - Cash Collections	80	160	Completed
3	Metro Land Computer System Project	100	260	Completed
4	Office of the Medical Examiner	80	340	Completed
5	Metropolitan Nashville Public Schools	100	440	Completed
6	Fire Department – Payroll	500	940	Completed
7	Trustee's Office - Cash Collections	600	1,540	Completed
8	Finance Department and Other Functions - Asset Accounting Process / 4% Funding Process	500	2,040	Completed
CY 2015 New Audit Areas				
1	Hotel Occupancy Tax Audits	1,000	3,040	In-Progress
2	Airport Authority - Accounts Payable Process	800	3,840	
3	Juvenile Court	800	4,640	In-Progress
4	Metro General Government Annual Budget Revenue Estimates	800	5,440	In-Progress
5	Comcast Franchise Fee Audit	800	6,240	In-Progress
6	Metro Owned Parking Facilities Management and Public Works Parking Enforcement	800	5,440	Completed
7*	General Services - Fleet Operations	800	6,240	
8	General Services - Radio Shop Operations	800	6,640	Completed
9	Health Department - Immunization Programs	800	7,040	In-Progress
10	Parks & Recreation - Maintenance Operations	800	7,840	Completed
11	Farmers Market	800	8,640	In-Progress
12	Circuit Court Clerk Funds Held In Trust	800	9,440	Completed
13*	Metro Water Services - Storm Water Revenue	800	10,240	
14	Human Resource Hiring Process	800	11,040	
15	Finance – Purchasing Department	800	11,840	
16*	Finance – Treasury Debt Issuance and Sustainability	800	12,640	
17	Information Technology Services - Microsoft Exchange Email Application Management	800	13,440	In-Progress
18*	Metro Wide - Payment Card Industry Data Security Standard Compliance	800	14,240	
19*	Metro Water Services – Clean Water Nashville Overflow Abatement Program – Selected Projects Contracts	800	15,040	Completed

Metropolitan Audit Committee

Metropolitan Code of Laws Section 2.24.300

Term-varied

6 Members

	<u>Date of Appt.</u>	<u>Term Exp.</u>
Mr. Robert C. Brannon 173 Jefferson Square Nashville, TN 37215- (615) 385-2491 bbrannon@associatedpackaging.com Representing: TSCPA, Nashville Chapter	2/2/2013	3/20/2017
Vice Mayor David Briley One Public Square, Suite 204 Nashville, TN 37201- (615) 880-3357 david.briley@nashville.gov Representing:	9/1/2015	8/31/2019
Mr. John Cooper 3925 Woodlawn Drive Nashville, TN 37205- (615) 969-4444 CooperAtLarge@nashville.gov Representing: Metro Council	10/20/2015	9/30/2017
Ms. Talia Lomax-O'dneal One Public Square, Suite 106 Nashville, TN 37201- (615) 862-6151 talia.lomaxodneal@nashville.gov Representing: Director of Finance	10/1/2015	
Mr. Bob Mendes 416 Fairfax Avenue Nashville, TN 37212- (615) 756-3510 bob.mendes@nashville.gov Representing: Metro Council	10/20/2015	9/30/2017
Mr. Brack Reed 511 Union Street, Suite 1400 Nashville, TN 37219- (615) 770-8494 brack_reed@gspnet.com Representing: Nashville Area Chamber of Commerce	2/20/2015	3/20/2019

Printed 12-Nov-15

Metropolitan Clerk's Office

**METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY
METROPOLITAN AUDIT COMMITTEE BYLAWS**

PURPOSE

The Metropolitan Audit Committee is to ensure that the Metropolitan Government of Nashville and Davidson County (Metro Nashville) has effective, efficient, and sustainable internal controls over its major risks.

SCOPE

The Metropolitan Audit Committee (Committee) is authorized to conduct financial audits, performance audits or other audit services, including disposition of fraud incidents, concerning any department, board, commission, officer or agency of the Metropolitan Government. Departments, boards, commissions, officers and agencies of the Metropolitan Government means those entities which encompass all of the governmental and corporate functions previously performed by Davidson County and the City of Nashville existing at the formation of the Metropolitan Government, and any public entity whose existence is created or authorized by the Metropolitan Charter or the Metropolitan County Council.

RESPONSIBILITIES

Financial Statements

- Review the results of audits, including any difficulties encountered, and follow up as appropriate.
- Review with Metro Nashville management and the external auditors all matters requiring communication to the Committee under generally accepted auditing standards.

Risk Management and Internal Control

- Understand the scope of internal and external auditors' reviews of internal controls over financial reporting and government service activities, and obtain reports on significant observations and recommendations, together with department, board, commission, officer or agency management's responses.
- Engage with Metropolitan Auditor in performing a Metro Nashville entity-wide risk assessment to form an audit work plan.
- Meet with auditee after issuance of audit report by Metropolitan Auditor to discuss observations. Hold follow-up to monitor corrective actions implemented by auditee.

Internal Audit

- Review and approve the audit plan and all major changes to the plan.
- Review and approve the Division of Metropolitan Audit Bylaws annually.

**METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY
METROPOLITAN AUDIT COMMITTEE BYLAWS**

- Assure continued independence of Metropolitan Auditor. Ensure there are no unjustified restrictions or limitations to the discharge of internal audit responsibilities.
- Review annually the activities, staffing and organizational structure of the internal audit function.
- Review the effectiveness of the internal audit function, including compliance with generally accepted government auditing standards.
- Recommend the appointment of the Metropolitan Auditor.
- For cause remove the Metropolitan Auditor.
- At least once per year, review the performance of the Metropolitan Auditor and concur with the annual compensation and salary adjustment.

Reporting Responsibilities

- Issue annual report to the Council and Mayor regarding Committee activities, issues and related recommendations.
- Provide an open avenue of communication between internal audit, the external auditors, and department, board, commission, officer or agency management.
- Review any other Government issued reports related to committee responsibilities.

Other Responsibilities

- Ensure committee members undergo appropriate orientation upon appointment.
- Review and assess the adequacy of the committee bylaws annually, requesting approval for proposed changes, and ensuring appropriate disclosure as may be required by law or regulation.
- Confirm annually that all responsibilities outlined in these bylaws have been carried out.

COMPOSITION

The composition and selection of committee members will follow the provisions provided in Metropolitan Code of Law, Section 2.24.300(E) Division of Metropolitan Audit.

MEETINGS

The Committee will meet at least once per quarter, with authority to convene additional meetings, as circumstances require. The Committee will invite members of department, board, commission, officer or agency management, auditors or others to attend meetings and provide pertinent

**METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY
METROPOLITAN AUDIT COMMITTEE BYLAWS**

information as necessary. Meeting agendas along with appropriate briefing materials will be prepared and provided in advance to members by the Metropolitan Auditor. Minutes will be prepared by the Metropolitan Auditor.

**METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY
DIVISION OF METROPOLITAN AUDIT BYLAWS**

PURPOSE

The Division of Metropolitan Audit, commonly referred to as the Metropolitan Office of Internal Audit, is an independent appraisal agency established to ensure and enhance the integrity, equality, accountability, effectiveness and efficiency of service activities, and to pursue an atmosphere of honesty and mutual trust within the Metropolitan Government of Nashville and Davidson County (Metro Nashville.)

SCOPE

The Metropolitan Auditor is authorized to conduct financial audits, performance audits or other audit services, including disposition of fraud incidents, concerning any department, board, commission, officer or agency of the Metropolitan Government. Departments, boards, commissions, officers and agencies of the Metropolitan Government means those entities which encompass all of the governmental and corporate functions previously performed by Davidson County and the City of Nashville existing at the formation of the Metropolitan Government, and any public entity whose existence is created or authorized by the Metropolitan Charter or the Metropolitan County Council.

The Metropolitan Auditor shall conduct financial, performance, or other audit services in order to independently and objectively determine whether:

- Risks, including safety, environment, fiscal, information technology and fraud, are appropriately identified and managed
- Programs, plans and objectives are achieved
- Significant financial, managerial and operating information is accurate, reliable and timely
- Activities and programs are being conducted in compliance with policies, standards, procedures and applicable local, state and federal laws or regulations
- Resources are acquired economically, used efficiently and protected adequately
- Quality and continuous improvement are fostered in Metro Nashville's control environment
- Interaction with the various governance groups occurs as needed
- External auditors' proposed audit scope and approach supplement internal audit efforts
- Activities indicate fraud, abuse or illegal acts which need further investigation
- Computer-based systems incorporate adequate controls

**METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY
DIVISION OF METROPOLITAN AUDIT BYLAWS**

The Metropolitan Auditor shall have authority to:

- Review the effectiveness of internal controls for monitoring compliance with laws and regulations
- Review the observations of any examinations by regulatory agencies, and any auditor observation
- Review the process for communicating the code of conduct to Government personnel
- Obtain regular updates from department, board, commission, officer or agency management regarding compliance matters

The Metropolitan Auditor shall have authority to accept requests from management to perform special administrative reviews, special projects, and advisory services.

AUDIT SCHEDULE

At the beginning of each calendar year, the Metropolitan Auditor shall submit a twelve month audit schedule to the Metropolitan Audit Committee for review and approval. The schedule shall include the proposed plan for auditing departments, boards, commissions, officers, agencies, activities, systems, processes and subcontractors for the subsequent twelve months. This schedule may be amended during the period after review with the Metropolitan Audit Committee. Additionally, the Metropolitan Auditor may independently initiate and conduct any other audit deemed necessary with subsequent approval by the Metropolitan Audit Committee.

The schedule will ensure audit activities have been directed toward the highest exposure to risk and toward increasing efficiency, economy and effectiveness of programs. In the selection of audit areas and audit objectives, the determination of audit scope and the timing of audit work, the auditor will consult, as needed, with federal and state auditors, external auditors and other Metro Nashville monitoring functions so that the desirable audit coverage is provided and audit effort is properly coordinated.

REPORT OF IRREGULARITIES

If, during an audit, the auditor becomes aware of fraud, abuse or illegal acts, the Metropolitan Auditor shall report the irregularities to the Metropolitan Audit Committee, the Department of Law, the Mayor and the Tennessee Comptroller of the Treasury. If it appears that the irregularity is criminal in nature, the auditor shall notify the appropriate authority in addition to those officials previously cited.

**METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY
DIVISION OF METROPOLITAN AUDIT BYLAWS**

ACCESS TO EMPLOYEES, RECORDS AND PROPERTY

The Division of Metropolitan Audit is authorized to have full, complete, and unrestricted access to all information (including automated data), physical properties, and personnel required to conduct a thorough and complete examination of the subject under review. Employees should cooperate with auditors and provide all information pertinent to the audit. The auditor shall not publicly disclose any information received during an audit that is considered proprietary (confidential) in nature by any local, state or federal law or regulation.

AGENCY RESPONSE

A final draft of the audit report will be forwarded to the audited department, board, commission, officer or agency director or his/her designee for review and comment regarding factual content before it is released to the Metropolitan Audit Committee. The audit entity must respond in writing, and specify agreement with audit observations and recommendations or reasons for disagreement with observations and/or recommendations, plans for implementing solutions to issues identified, and a timetable to complete such activities. The response must be forwarded to the Metropolitan Auditor within fifteen business days. The Metropolitan Auditor will include the response in the report. If no response is received, the Metropolitan Auditor will note that fact in the transmittal letter and will release the audit report. Any subsequent responses shall be distributed to those who received the audit report.

AUDIT FOLLOW-UP

The Metropolitan Auditor shall follow-up on audit recommendations as practicable to determine whether corrective action has been implemented. The Metropolitan Auditor may request periodic status reports from audited entities regarding actions taken to address reported audit concerns and recommendations.

REPORTS TO METROPOLITAN AUDIT COMMITTEE

Each audit will result in a written report containing relevant background information and observations and recommendations, and shall communicate results to the Metropolitan Audit Committee, the Mayor and the audited department, board, commission, officer or agency. Subject to applicable local, state or federal laws, the report shall also be available for public examination.

The Metropolitan Auditor shall submit each audit report to the Metropolitan Audit Committee and shall retain a copy as a permanent record. A copy will be posted on the Division's internet site.

**METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY
DIVISION OF METROPOLITAN AUDIT BYLAWS**

ANNUAL REPORT

The Metropolitan Auditor shall submit an annual report to the Metropolitan Audit Committee, during the fourth quarter of each year, indicating audits completed, major concerns, corrective actions taken, and significant observations that have not been fully addressed by audited department, board, commission, officer or agency management. Additionally, the report will indicate whether there are any unwarranted restrictions on the staffing of the internal audit activity or on access by internal auditors to all organization activities, records, property and personnel.

CONTRACT AUDITORS, CONSULTANTS AND EXPERTS

Within budget limitations, the Metropolitan Auditor may obtain the services of qualified financial or management consultants, or other professional experts necessary to perform the Metropolitan Auditor's duties. An audit that is performed by contract must be conducted by persons who have no financial interests in the affairs of the entity under review. The Metropolitan Auditor will coordinate and monitor auditing performed by public accounting or other organizations employed under contract by the Division of Metropolitan Audit.

INDEPENDENCE

To provide for the independence of the Division of Metropolitan Audit, its personnel report to the Metropolitan Auditor, who reports administratively and functionally to the Metropolitan Audit Committee as established in the Metropolitan Code of Law, Section 2.24.300 Division of Metropolitan Audit.

In all matters relating to audit work, the Division of Metropolitan Audit and the audit staff should be free from personal, external and organizational impairments to independence and must avoid the appearance of such impairments of independence. The Metropolitan Auditor and audit staff have neither direct authority over, nor responsibility for, any of the activities reviewed.

STANDARDS OF AUDIT PRACTICE

The Metropolitan Auditor shall conduct work in accordance with Government Auditing Standards established by the United States Government Accountability Office.

**METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY
DIVISION OF METROPOLITAN AUDIT BYLAWS**

FUNDING

The Division of Metropolitan Audit shall submit budget proposals, in accordance with procedures established by the Metropolitan Director of Finance that are sufficient to carry out the responsibilities and functions established in the Metropolitan Code of Law, Section 2.24.300 Division of Metropolitan Audit.

RECORDS

The Metropolitan Auditor shall retain for ten years (or longer if so directed by statute or ordinance), a complete file of each audit report and each report of other examinations, surveys and reviews made under legislative authority. The file should include audit working papers and other supportive material directly pertaining to the audit report.

REASSESSMENT

The Division of Metropolitan Audit Bylaws will be reviewed and reassessed annually by the Metropolitan Audit Committee.

Metro Government of Nashville and Davidson County, Tennessee, Code of Ordinances >> - THE CODE OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE >> **Title 2 - ADMINISTRATION >> Division I. - Council, Offices, Officers and Departments >> Chapter 2.24 - DEPARTMENT OF FINANCE >> Article IV. - Division of Metropolitan Audit >>**

Article IV. - Division of Metropolitan Audit

[2.24.300 - Division of metropolitan audit.](#)

2.24.300 - Division of metropolitan audit.

- A. There shall be, as an independent agency of the metropolitan government, a division of metropolitan audit, the director of which is designated as the metropolitan auditor. The metropolitan auditor shall be a person:
1. With a well founded reputation in government or public finance and the audit function as may be exhibited by a record of exceptional performance for at least five years as a financial officer of a government or business;
 2. Who has, through education and experience as an accountant, auditor, CFO, controller or principal accounting officer of a governmental entity or private business an understanding of Generally Accepted Accounting Principles, Governmental Auditing Standards Board standards, financial statements, internal controls and procedures for financial reporting, and the audit functions of a governmental entity.
- B. The metropolitan auditor shall be appointed by a majority vote of the council from a list of three persons recommended by the audit committee whom the audit committee deems best qualified and available to fill the position. If the council deems that the persons recommended by the audit committee to serve as metropolitan auditor are not suitable and/or qualified, the council shall reject the names submitted and the audit committee shall recommend three additional persons deemed qualified and available to fill the position. The metropolitan auditor shall serve a term of eight years but shall be subject to removal for cause during the term by a vote of four members of the audit committee. The first term of the metropolitan auditor will end on June 30, 2014, regardless of whether the full eight years has been served. A vacancy occurring during a term shall be filled temporarily with a qualified acting metropolitan auditor by the majority vote of the audit committee. The filling of the vacancy for the remainder of a term and for any new term shall be filled by a majority vote of the council through the process provided in this section. The compensation for the metropolitan auditor shall be established as part of the general pay plan provided by Section 12.10 of the Metropolitan Charter.
- C. The metropolitan auditor shall conduct, or cause to be conducted financial, performance and other audit services following Government Auditing Standards established by the United States Government Accountability Office, and the metropolitan auditor shall follow the independent and other professional standards established and published under Government Auditing Standards.
- D. The metropolitan auditor shall appoint and remove, subject to the civil service provisions of article 12 of this Charter, all officers and employees of the division.
- E. There shall be a metropolitan audit committee which shall be composed of six members, as follows: The vice mayor and the director of finance shall be members by virtue of their official positions. Two members of the metropolitan county council shall be selected by that body from its membership to serve a two-year term. One member shall be selected by the Nashville Area Chamber of Commerce to serve a four-year term. One member shall be selected by the Nashville Chapter of the Tennessee Society of Certified Public Accountants to serve a four-year term except that the member first selected shall serve a two year term. Members shall be eligible to succeed themselves. The General Provisions of Article 11, Chapter 1, of this Charter shall be applicable to the audit committee unless otherwise specified in this section.
- F. The audit committee will oversee the annual audit plan, fix the compensation of the metropolitan auditor, and review and evaluate at least annually the performance of the metropolitan auditor.
- G. All audit reports issued by the metropolitan auditor are public documents and shall at all times, during business hours, be open for personal inspection by any citizen of Tennessee.

(Ord. BL2007-1318 § 2, 2007)

Sec. 8.121. - Division of metropolitan audit.

- A.** There shall be, as an independent agency of the metropolitan government, a division of metropolitan audit, the director of which is designated as the metropolitan auditor. The metropolitan auditor shall be a person:
- 1.** With a well founded reputation in government or public finance and the audit function as may be exhibited by a record of exceptional performance for at least five (5) years as a financial officer of a government or business;
 - 2.** Who has, through education and experience as an accountant, auditor, CFO, controller or principal accounting officer of a governmental entity or private business an understanding of Generally Accepted Accounting Principles, Governmental Auditing Standards Board standards, financial statements, internal controls and procedures for financial reporting, and the audit functions of a governmental entity.
- B.** The metropolitan auditor shall be appointed by a majority vote of the council from a list of three (3) persons recommended by the audit committee whom the audit committee deems best qualified and available to fill the position. If the council deems that the persons recommended by the audit committee to serve as metropolitan auditor are not suitable and/or qualified, the council shall reject the names submitted and the audit committee shall recommend three (3) additional persons deemed qualified and available to fill the position. The metropolitan auditor shall serve a term of eight (8) years but shall be subject to removal for cause during the term by a vote of four (4) members of the audit committee. The first term of the metropolitan auditor will end on June 30, 2014, regardless of whether the full eight (8) years has been served. A vacancy occurring during a term shall be filled temporarily with a qualified acting metropolitan auditor by the majority vote of the audit committee. The filling of the vacancy for the remainder of a term and for any new term shall be filled by a majority vote of the council through the process provided in this section.
- C.** The metropolitan auditor shall conduct, or cause to be conducted financial, performance and other audit services following Government Auditing Standards established by the United States Government Accountability Office, and the metropolitan auditor shall follow the independence and other professional standards established and published under Government Auditing Standards.
- D.** The metropolitan auditor shall appoint and remove, subject to the civil service provisions of article 12 of this Charter, all officers and employees of the division.
- E.** There shall be a metropolitan audit committee which shall be composed of six (6) members, as follows: The vice mayor and the director of finance shall be members by virtue of their official positions. Two (2) members of the metropolitan county council shall be selected by that body from its membership to serve a two (2) year term. One (1) member shall be selected by the Nashville Area Chamber of Commerce to serve a four (4) year term. One (1) member shall be selected by the Nashville Chapter of the Tennessee Society of Certified Public Accountants to serve a four (4) year term except that the member first selected shall serve a two (2) year term. Members shall be eligible to succeed themselves. The general provisions of article 11, chapter 1, of this Charter shall be applicable to the audit committee unless otherwise specified in this section.
- F.** The audit committee will oversee the annual audit plan and will review and evaluate at least annually the performance of the metropolitan auditor.
- G.** All audit reports issued by the metropolitan auditor are public documents and shall at all times, during business hours, be open for personal inspection by any citizen of Tennessee.

(Added by Amdt. 3 to referendum petition approved November 7, 2006)

**METROPOLITAN GOVERNMENT OF NASHVILLE
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METROPOLITAN AUDIT COMMITTEE**

SELECTED METRO CHARTER and CODE SECTIONS RELATED TO AUDIT

Council

Metro Charter Section 3.06 – Authority and power of the council.

“...the council is authorized by resolution passed by a three-fourths (3/4ths) majority of its entire membership and not subject to veto power of the mayor to **conduct investigations** by the whole council or any of its committees; to employ and compensate personnel necessary for such purpose; and to make appropriations therefore.

Metro Charter Section 6.15 – The Budgets and Financial Matters, Post audit.

“The council shall provide annually for an **independent audit** of the accounts and other evidences of financial transactions of the metropolitan government and of its every department, office and agency.”

“The independent audit shall be made by a firm chosen by a three member **audit board**. This board shall consist of the presiding officer of the council, the chairman of the finance committee of the council, and the chairman of the metropolitan board of education.”

“The council may at any time **order an examination or special audit** of any department, office or agency of the government.”

Metro Code 2.04.033 – Metropolitan Council

“Members of the **council** office shall have **full access to books, records and reports** of all departments, boards, commissions and agencies of the metropolitan government.”

Mayor and Department of Metropolitan Finance

Metro Charter Section 5.03 – Power and authority of mayor.

“The mayor shall be authorized at any reasonable time to **examine and inspect** the books, records, and official papers of any department, board, commission, officer or agency of the metropolitan government; and to attend the meeting of any board or commission and make suggestions thereto.”

Metro Charter Section 8.103 – Department of Metropolitan Finance, Same-Powers and duties.

“Periodically **inspect and audit** the accounts and records of **financial transactions** maintained in each department, office and agency of the metropolitan government.”

Metro Code 2.24.020 Director of finance--Powers and duties.

“The powers, duties and compensation of the director of finance shall be those set out Sections 8.102 and 8.103 of the Metropolitan Charter and as may be provided by ordinance consistent with the Metropolitan Charter.”

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SELECTED METRO CHARTER and CODE SECTIONS RELATED TO AUDIT

Division of Metropolitan Audit

Metro Charter Section 8.121 – *Related Fiscal Provisions, Division of metropolitan audit; and Metro Code 2.24.300 Division of metropolitan audit.*

(A) “There shall, be as an independent agency of the metropolitan government, a division of metropolitan audit, the director which is designated as the metropolitan auditor....”

(C) “The metropolitan auditor shall conduct, or cause to be conducted **financial, performance and other audit services** following **Government Auditing Standards** established by the United States Government Accountability Office, and the metropolitan auditor shall follow the independence and other professional standards established and published under Government Auditing Standards.”

(F) “The **audit committee** will **oversee the annual audit plan** and will review and evaluate annually the performance of the metropolitan auditor.”

Tennessee Code Annotated

T.C.A. 9-3-405 Establishment of audit committee

(a) “**Local governments are encouraged to consider establishing an audit committee.**”

(b) “The governing body of the local government shall create the audit committee. The audit committee members shall be external to management and may be members of the governing body, citizens from within the boundaries of the local government, or a combination of both. **Members of the audit committee shall be selected by the legislative body. The audit committee shall establish responsibilities and duties that are stated in a resolution approved by the legislative body. The responsibilities and duties, at a minimum, shall address financial and other reporting practices, internal control, compliance with laws and regulations, and ethics.** The resolution creating the duties and responsibilities of the audit committee shall be submitted to the comptroller prior to approval by the legislative body...if an audit committee was created by a legislative body whose charter requires charter changes to be approved in a referendum, and if such actions occurred and were approved in a referendum prior to January 1, 2011, then such an audit committee shall be considered created pursuant to this part.”

(c) “...shall abide by the notice requirements adhered to by the local government...”

(d) “...the audit committee may hold confidential, non-public executive sessions to discuss the following items...”

- (1) Items deemed not subject to public inspection under §§ 10-7-503 and 10-7-504, and all other matters designated as confidential or privileged under this code;
- (2) Current or pending litigation and pending legal controversies;
- (3) Pending or ongoing audits or audit related investigations;

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- (4) Information protected by federal law; and
- (5) Matters involving information under § 9-3-406 where the informant has requested anonymity.

T.C.A. 9-3-406

(a) An **audit committee** created pursuant to this chapter shall **establish a process** by which employees, taxpayers or other **citizens may confidentially report suspected illegal, improper, wasteful or fraudulent activity.** The detailed information received pursuant to such a report of illegal, improper, wasteful or fraudulent activity or any investigation of this activity, except those matters disclosed in the final reports, shall be considered audit working papers and **shall be confidential under the provisions of title 10, chapter 7."**

T.C.A. 4-3-304

(9) Establish minimum standards for the performance of audits by the internal audit staffs of local governments, special taxing districts, utility districts, political subdivisions, state departments, boards, commissions, institutions, agencies, authorities or other entities of the state. These standards, which shall be established by the comptroller of the treasury, shall include "Standards for the Professional Practice of Internal Auditing" published by the Institute of Internal Auditors, Inc., or such other standards as may be approved by the comptroller of the treasury. All audit reports issued by such internal audit staffs shall include a statement that the audit was conducted pursuant to these standards.

Notwithstanding any law to the contrary, working papers created, obtained or compiled by an internal audit staff are confidential and are therefore not an open record pursuant to title 10, chapter 7. "Working papers" includes, but is not limited to, auditee records, intra-agency and interagency communications, draft reports, schedules, notes, memoranda and all other records relating to an audit or investigation by internal audit staff.

T.C.A. 8-4-501-505

Local Government Instances of Fraud Reporting Act

8-4-503 (a) A public official with knowledge based upon available information that reasonably causes the public official to believe that unlawful conduct has occurred shall report the information in a reasonable amount of time (defined as not exceeding 5 working days in definition) to the office of the comptroller if the treasury.

8-4-505 The detailed information received and generated pursuant to this part shall be considered confidential working papers of the comptroller of the treasury and is therefore **not an open record pursuant to title 10, chapter 7.**

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**SELECTED METRO CHARTER and CODE SECTIONS RELATED TO AUDIT
T.C.A. 4-18-101 False Claims Act**

4-18-103. Liability for violations.

(a) Any person who commits any of the following acts shall be liable to the state or to the political subdivision for three (3) times the amount of damages that the state or the political subdivision sustains because of the act of that person. A person who commits any of the following acts shall also be liable to the state or to the political subdivision for the costs of a civil action brought to recover any of those penalties or damages, and shall be liable to the state or political subdivision for a civil penalty of not less than two thousand five hundred dollars (\$2,500) and not more than ten thousand dollars (\$10,000) for each false claim:

- (1) Knowingly presents or causes to be presented to an officer or employee of the state or of any political subdivision thereof, a false claim for payment or approval;
 - (2) Knowingly makes, uses, or causes to be made or used a false record or statement to get a false claim paid or approved by the state or by any political subdivision;
 - (3) Conspires to defraud the state or any political subdivision by getting a false claim allowed or paid by the state or by any political subdivision;
 - (4) Has possession, custody, or control of public property or money used or to be used by the state or by any political subdivision and knowingly delivers or causes to be delivered less property than the amount for which the person receives a certificate or receipt;
 - (5) Is authorized to make or deliver a document certifying receipt of property used or to be used by the state or by any political subdivision and knowingly makes or delivers a receipt that falsely represents the property used or to be used;
 - (6) Knowingly buys, or receives as a pledge of an obligation or debt, public property from any person who lawfully may not sell or pledge the property;
 - (7) Knowingly makes, uses, or causes to be made or used a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to the state or to any political subdivision;
 - (8) Is a beneficiary of an inadvertent submission of a false claim to the state or a political subdivision, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the state or the political subdivision within a reasonable time after discovery of the false claim; or
 - (9) Knowingly makes, uses, or causes to be made or used any false or fraudulent conduct, representation, or practice in order to procure anything of value directly or indirectly from the state or any political subdivision.
- (e) This section does not apply to claims, records, or statements made pursuant to workers' compensation claims.

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(f) This section does not apply to claims, records, or statements made under any statute applicable to any tax administered by the department of revenue.

4-18-104. Investigation and prosecution.

(b) (1) The *prosecuting authority of a political subdivision shall diligently investigate violations under § 4-18-103 involving political subdivision funds*. If the prosecuting authority finds that a person has violated or is violating § 4-18-103, the prosecuting authority may bring a civil action under this section against that person.

(c) (1) *A person may bring a civil action for a violation of this chapter for the person and either for the state of Tennessee in the name of the state, if any state funds are involved, or for a political subdivision in the name of the political subdivision, if political subdivision funds are involved, or for both the state and political subdivision if state and political subdivision funds are involved. The person bringing the action shall be referred to as the qui tam plaintiff.* Once filed, the action may be dismissed only with the written consent of the court, taking into account the best interests of the parties involved and the public purposes behind this chapter.

(B) For purposes of subdivision (d)(3)(A), "*original source*" means an individual, who has *direct and independent knowledge of the information on which the allegations are based*, who voluntarily provided the information to the state or political subdivision before filing an action based on that information, and whose information provided the basis or catalyst for the investigation, hearing, audit, or report that led to the public disclosure as described in subdivision (d)(3)(A).

(2) If the state or *political subdivision proceeds* with an action brought by a qui tam plaintiff under subsection (c), *the qui tam plaintiff shall, subject to subdivisions (g)(4) and (5), receive at least twenty-five percent (25%) but not more than thirty-three percent (33%) of the proceeds* of the action or settlement of the claim, depending upon the extent to which the qui tam plaintiff substantially contributed to the prosecution of the action. ...

(3) If the state or *political subdivision does not proceed with an action* under subsection (c), the qui tam plaintiff shall, subject to subdivisions (g)(4) and (5), receive an amount that the court decides is reasonable for collecting the civil penalty and damages on behalf of the government. The amount shall be *not less than thirty-five percent (35%) and not more than fifty percent (50%)* of the proceeds of the action or settlement and shall be paid out of these proceeds.

Other Related Provisions

Charter Appendix Two, Electric Power Board, Article 42, 12

“With reference to the properties, rights, and interests of the metropolitan government, to be acquired by or operated under the provisions of this article, as is herein otherwise provided, all agreements, contracts, transfers and conveyances in connection therewith, shall be made and executed, and **all such properties shall be acquired, held, owned and transferred and conveyed in the name of the Metropolitan Government of Nashville and Davidson County,** ...”

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SELECTED METRO CHARTER and CODE SECTIONS RELATED TO AUDIT

Charter Appendix Two, Electric Power Board, Article 42, 18

“That said electric power board of the metropolitan government shall have **exclusive management and control of the operation** of said electric power plan and/or distribution system.”

Charter Appendix Two, Electric Power Board, Article 42, 24

“That **neither the mayor, the metropolitan council, nor any other officer, department board or commission of the metropolitan government, shall have or exercise and authority whatsoever over the electric power board created under the terms and provisions of this Charter**, other and except to the extent herein expressly provided, and the provisions of this article shall prevail over any conflicting provisions appearing in any other article in this Charter.”

Charter Appendix Four, Transit Authority, Article 64, 6 (f)

“The metropolitan treasurer shall keep accurate records and books dealing with the separate accounts of metropolitan transit authority.... Such books and records shall be **open to inspection and examination by accountants or auditors** of the metropolitan government as all books and records of the metropolitan treasurer are inspected.”

“The books and records of the secretary of the authority likewise shall be **open to inspection and examination by the accountants or auditors** of the metropolitan government.”

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Metropolitan Nashville Audit Committee

Executive Session Checklist

- The published agenda must disclose the general nature of the items to be discussed in executive session.
See, T.C.A. §9-3-405(f)
- All business which is public in nature shall be conducted first.
See, T.C.A. §9-3-405(g)(1)
- During the regular public session committee must vote to go into private executive session. Must obtain a majority to be successful.
See, T.C.A. §9-3-405(d)
- Chair must announce during the public portion of the meeting that no business other than the matters stated generally on the published agenda shall be considered during the confidential executive session.
See, T.C.A. §9-3-405(e)
- Adjourn the public portion of the meeting.
See, T.C.A. §9-3-405(g)(2)
- Only individuals whose presence is reasonably necessary in order for the committee to carry out its executive session responsibilities may attend the portion of the executive session relevant to that person's presence.
See, T.C.A. §9-3-405(h)

Permissible Executive Session Subject Matter

1. Items deemed not subject to public inspection under §§ 10-7-503 and 10-7-54, and all other matters designated as confidential or privileged under this code
2. Current or pending litigation and pending legal controversies
3. Pending or ongoing audits or audit related investigations
4. Information protected by federal law
5. Matters involving information under § 9-3-406 where the informant has requested anonymity
See, T.C.A. § 9-3-405(d)