METROPOLITAN NASHVILLE GOVERNMENT
OFFICE OF INTERNAL AUDIT

Recommendations Follow-Up – Audit of Public Works Revenues

April 30, 2026

Metropolitan Nashville Audit Committee Members

Tom Bates   Angie Henderson   Delishia Porterfield   Jenneen Reed   Matthew Scanlan   Jason Spain

EXECUTIVE SUMMARY

Purpose

On November 4, 2021, the Office of Internal Audit issued the Audit of Public Works Revenue Collections. The audit report included 11 recommendations. All 11 recommendations were accepted by management for implementation. The Office of Internal Audit guidelines require monitoring and follow-up to ensure that the recommendations assessed as high or medium risk are appropriately considered, effectively implemented, and yield intended results.

Audit Objectives and Scope

The objectives of this follow-up audit were to determine if the recommended actions or an acceptable alternative were implemented as of March 31, 2026.

The scope of the follow-up audit included 11 accepted recommendations that management reported as implemented.
Note: Public Works became the Nashville Department of Transportation in 2021. Additionally, management of convenience centers was moved from Metro Water Services to the Department of Waste Services in 2025. All of these recommendations now fall under Waste Services.

What We Found

Of the 11 recommendations, 8 were fully implemented and 3 were partially implemented.

Recommendation	Status
A.1	Partially Implemented
A.2	Partially Implemented
B.1	Implemented
B.2	Implemented
C.1	Implemented
C.2	Implemented
D.1	Implemented
D.2	Implemented
D.3	Implemented
D.4	Implemented
E.1	Partially Implemented

Contents

Audit Team

Mary Cole, CPA, CISA, CGFM, CFE, Senior Auditor

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

Background

The initial audit report encompassed processes and controls over revenue collections between July 1,2019, and January 31, 2021. The audit did not review revenue received from contracts or other indirect sources. Included in the audit were the collection process at the convenience centers and the recording of those revenues in the Public Works finance office.

Since the audit report was published, the responsibility for the convenience centers moved to Waste Services. Waste Services implemented new procedures to resolve the prior audit recommendations.

The audit report included 11 recommendations. All 11 recommendations were accepted by management for implementation.

The Office of Internal Audit will close a recommendation only for one of the following reasons:

- The recommendation was effectively implemented.
- An alternative action was taken that achieved the intended results.
- Circumstances have so changed that the recommendation is no longer valid.
- The recommendation was not implemented despite the use of all feasible strategies or due to lack of resources. When a recommendation is closed for these reasons, a judgment is made on whether the objectives are significant enough to be pursued later in another assignment.

Methodology

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

- Interviewed management regarding implementation efforts.
- Performed site visits to convenience centers.
- Randomly sampled documentation in deposits made.
- Reviewed newly established policies, procedures, and plans.
- Evaluated internal controls currently in place.
- Considered risk of fraud, waste, and abuse.

Scope

The scope of the follow-up audit included the 11 accepted recommendations that management reported as implemented. Implementation was reviewed as of March 31, 2026.

Implementation Status Definitions

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

Recommendation Implementation Status	
Implemented	The department or agency provided sufficient and appropriate evidence to support the implementation of all elements of the recommendation and the recommendation's implementation caused or significantly influenced the benefits achieved.
Partially Implemented	The department or agency provided some evidence to support implementation progress but not of all elements of the recommendation were implemented.
Not Implemented Or No Longer Applicable	The department or agency did not implement a recommendation because: a) of lack of resources; b) an alternative action was taken that achieved the intended results; c) circumstances have so changed that the recommendation is no longer valid.

Follow-Up Results

The following are the audit recommendations made in the original audit report dated November 4, 2021, and the current implementation status of each recommendation based on our review of information and documents provided by Waste Services.

A.1

Recommendation

Implement procedures to ensure that all funds collected are counted, documented, and signed by parties collecting the funds.

Risk Rating: High

Implementation Actions

Waste Services developed a till sheet and a daily deposit tracker to document funds on hand and to be signed by parties collecting funds. A review of 10 randomly selected days found 6 daily deposit trackers contained errors, and none of the daily till sheets accounted for all funds on hand. All till sheets excluded $150 in change funds maintained on hand but not counted daily. Additionally, the forms were unclear on shift timing.

Status

PARTIALLY IMPLEMENTED

Outstanding Actions

All cash on hand should be counted every time there is a shift change or break that requires a change in cashier. Counts should be documented and clearly identify the cashiers and the shift timing for each.

Management Response

Our Finance Team has received and are working on a solution to properly train and fully implement our cash procedures. With the number of new employees, we will provide this training with completed required acknowledgment and signature page. We expect the final three recommendations to be fully implemented by June 30, 2026.

A.2

Recommendation

Implement transfer of custody processes to ensure each person who acquires funds throughout the day is accountable for the amount of funds received and delivered to other parties.

Risk Rating: High

Implementation Actions

Waste Services developed a till sheet and a daily deposit tracker to document funds on hand and to be signed by parties collecting funds. A review of 10 randomly selected days found 6 daily deposit trackers contained errors, and none of the daily till sheets accounted for all funds on hand. All till sheets excluded $150 in change funds maintained on hand but not counted daily. Additionally, the forms were unclear on shift timing.

No log documenting transfer of custody between the convenience center and the person picking up funds for deposit is maintained.

Status

PARTIALLY IMPLEMENTED

Outstanding Actions

All cash on hand should be counted every time there is a shift change or break that requires a change in cashier. Counts should be documented and clearly identify the cashiers and the shift timing for each. A log documenting transfer of custody should be maintained.

Management Response

Our Finance Team has received and are working on a solution to properly train and fully implement our cash procedures. With the number of new employees, we will provide this training with completed required acknowledgment and signature page. We expect the final three recommendations to be fully implemented by June 30, 2026.

B.1

Recommendation

Segregate the duties of collections, preparing the bank deposit, making the entry into the general ledger system.

Risk Rating: High

Implementation Actions

Waste Services has a separate person in the office makes the entries in the general ledger.

Status

IMPLEMENTED

B.2

Recommendation

Ensure an independent person reconciles the collections of revenue to the bank deposits.

Risk Rating: High

Implementation Actions

Waste Services has a separate person in the office reconciling revenues. Convenience center collections employees are not reconciling the revenues.

Status

IMPLEMENTED

C.1

Recommendation

Explore other transaction recording systems that better align with the goals and processes of the convenience centers.

Risk Rating: High

Implementation Actions

iNovah is used at convenience centers, and updates have been made to ensure credit cards are accepted at centers.

Status

IMPLEMENTED

C.2

Recommendation

Review and update SMS CC system access to assign least permissions to users.

Risk Rating: High

Implementation Actions

Permissions have been set so that cashiers cannot alter the amount of the change fund recorded on the screen at convenience centers.

Status

IMPLEMENTED

D.1

Recommendation

Implement a credit card system of payment to limit cash collections.

Risk Rating: High

Implementation Actions

iNovah is used at convenience centers, and updates have been made to ensure credit cards are accepted at centers.

Status

IMPLEMENTED

D.2

Recommendation

Implement processes to either require scanning of all patron's driver's licenses or some other measure to ensure adequate tracking of customer volume.

Risk Rating: High

Implementation Actions

Processes are in place to ensure driver's licenses of all patrons are scanned.

Status

IMPLEMENTED

D.3

Recommendation

Arrange staff so that shifts can be closed with more than one person counting and documenting the money.

Risk Rating: High

Implementation Actions

Shift schedules were revised to include time before and after shift so that counting and documenting can be done. Shift schedules were observed to confirm.

Status

IMPLEMENTED

D.4

Recommendation

Install cameras at each convenience center to monitor employees collecting cash.

Risk Rating: High

Implementation Actions

Cameras were installed at each convenience center. Cameras and coverage were observed to confirm.

Status

IMPLEMENTED

E.1

Recommendation

Utilize a more secure transporting option, such as an armored car service or locked vehicle compartment, for daily collection pick-up.

Risk Rating: High

Implementation Actions

Management evaluated options for deposit transport. Management determined it was not practical to hire an armored car service. However, processes were put in place to more securely collect and transport deposits. Review of the processes was performed to verify changes. However, no documentation of the transfer of custody from convenience center employee to transport employee is maintained.

Status

PARTIALLY IMPLEMENTED

Outstanding Actions

A log should be maintained that is signed by both the person picking up the deposit and the cashier. The log should include pick-up time and the deposit information.

Management Response

Our Finance Team has received and are working on a solution to properly train and fully implement our cash procedures. With the number of new employees, we will provide this training with completed required acknowledgment and signature page. We expect the final three recommendations to be fully implemented by June 30, 2026.

Appendix A: Management Acknowledgement Letter

Freddie O'Connell
Mayor of Nashville

NASHVILLE WASTE SERVICES

Tracey Thurman
Director

Metropolitan Government of Nashville and Davidson County

04/28/26

Lauren Riley, Metropolitan Auditor

Re: Audit of Public Works Revenues

Dear Ms. Riley,

This letter is to acknowledge that Nashville Department of Waste Services is in receipt of the Recommendations Follow-Up — Audit of Public Works Revenues. Our Finance Team has received and are working on a solution to properly train and fully implement our cash procedures. With the number of new employees, we will provide this training with completed required acknowledgment and signature page. We expect the final three recommendations to be fully implemented by June 30, 2026.

Please let us know if you need any additional information.

Sincerely,

Tracey Thurman
Director
Nashville Department of Waste Services

1600 2nd Avenue North, Nashville, TN 37208 | 615-862-5000