



METROPOLITAN NASHVILLE GOVERNMENT OFFICE OF INTERNAL AUDIT

Audit of the Metropolitan Nashville Government Opioid Settlement Funds

June 10, 2026

Metropolitan Nashville Audit Committee Members

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

EXECUTIVE SUMMARY



Why This Audit Matters

The Metropolitan Nashville Government began receiving opioid settlement funds as part of the national legal settlements intended to address the harm caused by opioid misuse and addiction. Proper governance, utilization, and oversight of settlement funds are imperative to ensure impactful steps are taken to reduce the devastating effects of the opioid crisis within Nashville and Davidson County.



Audit Objectives and Scope

The objectives of this audit are to determine if:

- Processes and controls are in place to ensure expended opioid settlement funds met uses outlined in the Tennessee-State Subdivision Opioid Abatement Agreement and applicable contracts and grant agreements.
- Opioid settlement funds were expended in accordance with the Metropolitan Nashville Opioid Steering Committee proposal for the approved use of the funds.
- Comprehensive performance measures and oversight were established to assess the impact of opioid settlement spending and gauge the success of the program.

The scope of this audit included all Opioid Settlement Fund activities and transactions from March 1, 2022, through May 31, 2025.



What We Found

The Health Department's opioid settlement program delivers services aligned with treatment and harm reduction efforts. The program primarily follows recommendations from the Opioid Steering Committee.

A scope limitation was identified due to management interference. Employee time spent on opioid-related programs could not be determined due to the limitation.

Additionally, a governance or oversight structure, similar to those used in other jurisdictions, has not been established. Internal controls related to invoice review and reporting accuracy were lacking which limited transparency over the use of settlement funds. Additionally, performance monitoring and oversight could be improved.



What We Recommend

Management should ensure consistent program-level review of contractor invoices prior to approval. Processes to document and support the percentage of employee time charged to opioid settlement business units should be established. Grant reports should be completed and retained, and financial data should be reconciled to supporting reports prior to submission.

Health Department management should work with the Mayor's Office to establish a formal oversight structure and governance process for the opioid settlement fund program. The oversight should include regular reporting on fund allocations and program outcomes.

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Background

National Opioid Settlement

The Metropolitan Nashville Government entered into the Tennessee State-Subdivision Opioid Abatement Agreement following national settlements with pharmaceutical manufacturers, distributors, and other entities accused of contributing to the opioid crisis through deceptive marketing and distribution practices. The settlements provide funding to state and local governments to address opioid misuse through prevention, treatment, recovery, and harm reduction initiatives.

In Tennessee, settlement funds are distributed through three channels. The distribution structure is summarized in Exhibit A below.

Exhibit A: Tennessee Opioid Settlement Distribution

Allocation Category	Percentage	Description
Opioid Abatement Fund	70%	Funds dedicated to opioid abatement strategies. Of this amount, 35% is distributed to counties based on population and impact, and 65% is awarded through a competitive grant process.
Subdivision Fund (Local Governments)	15%	Distributed directly to counties and eligible municipalities. Funds may be used for forward-looking abatement activities or reimbursement of eligible past expenses.
State General Fund	15%	Used by the State of Tennessee for administration and oversight of opioid settlement funds.

Source: Tennessee Attorney General's Office, *Guide for Local Governments on Opioid Settlement Funds*

The Tennessee Opioid Abatement Council (OAC) is responsible for administering the Opioid Abatement Fund in Tennessee. The OAC establishes policies and reporting requirements for grant recipients and monitors compliance with approved opioid abatement strategies.

The Metropolitan Nashville Government receives Subdivision Fund direct payments and allocations from the Opioid Abatement Fund, including both the county share and competitive grant awards.

Funds from the Opioid Abatement Fund must be used for forward-looking opioid remediation activities and align with approved abatement strategies outlined in the national settlement agreements, as incorporated into the Tennessee State-Subdivision Opioid Abatement Agreement. Strategies include expanding access to treatment and recovery services, supporting prevention initiatives, and implementing harm reduction programs.

Local Planning and Steering Committee

In November 2021, the Metropolitan Nashville Council approved Resolution RS2021-1235 authorizing participation in Tennessee State-Subdivision Opioid Abatement Agreement and related settlements. In March 2022, the Metropolitan Nashville Government was notified it would receive approximately \$23 million in opioid settlement funds over an 18-year period. The mayor requested the Behavioral Health and Wellness Advisory Council develop recommendations for using the funds. The committee's chair subsequently recommended forming a steering committee composed of subject matter experts to develop a more detailed implementation plan. The Opioid Steering Committee ultimately recommended implementing a 15-month pilot program designed to connect individuals experiencing opioid use disorder with treatment and recovery services.

In 2022, the Public Health Department was identified as the department to oversee the receipt and expenditure of settlement funds. The department would be responsible for expending the funding on related programing costs and reporting usage to required entities.

Opioid Care Process Pilot Program

To implement the pilot program, the Health Department issued a request for qualifications in 2024 for an Opioid Care Process Pilot Project intended to address high opioid prescription rates, rising fentanyl-related deaths, and increasing nonfatal overdoses in Davidson County. The pilot was designed to improve coordination between emergency response systems

and treatment providers and increase access to prevention, treatment, and recovery services.

Two organizations were selected to provide services under the pilot program: Mental Health Cooperative and Samaritan Recovery Community. Mental Health Cooperative provides services such as rapid engagement following overdose referrals, medication-assisted treatment, clinical assessments, detoxification and stabilization services, transportation, and case management. Samaritan Recovery Community provides respite care, medication-assisted treatment, transportation, and recovery support services designed to connect individuals with treatment and long-term recovery resources.

In addition to contracted services, opioid settlement funds are also used to pay salaried positions within the Health Department’s Behavioral Health and Wellness division. These positions contribute to opioid-related initiatives through clinical services, community outreach and prevention and harm reduction efforts, data analysis, and stakeholder coordination. Opioid settlement fund expenditures by fiscal year are summarized below in Exhibit B. These expenditures include amounts from multiple opioid funding streams, including allocations from the Opioid Abatement Fund, competitively awarded grant funds, and Subdivision Fund payments received directly from settlement agreements. Exhibit C presents opioid settlement funds received by funding source and fiscal year.

Exhibit B: Opioid Settlement Expenditures by Category and Fiscal Year

Expense Category	FY24	FY25
Salaries and Benefits	\$5,955	\$1,498,091
Opioid Abatement Contractors	0	973,858
Medical and Program Supplies	0	169,717
Medical Services	0	70,575
Program Support Costs	0	59,207
Information Technology	0	51,478
Repairs and Maintenance	0	50,788
Project Management	0	38,541
Administration and Operating Expenses	0	24,973
Total	\$5,955	\$2,937,227

Source: Oracle E-Business Suite R-12

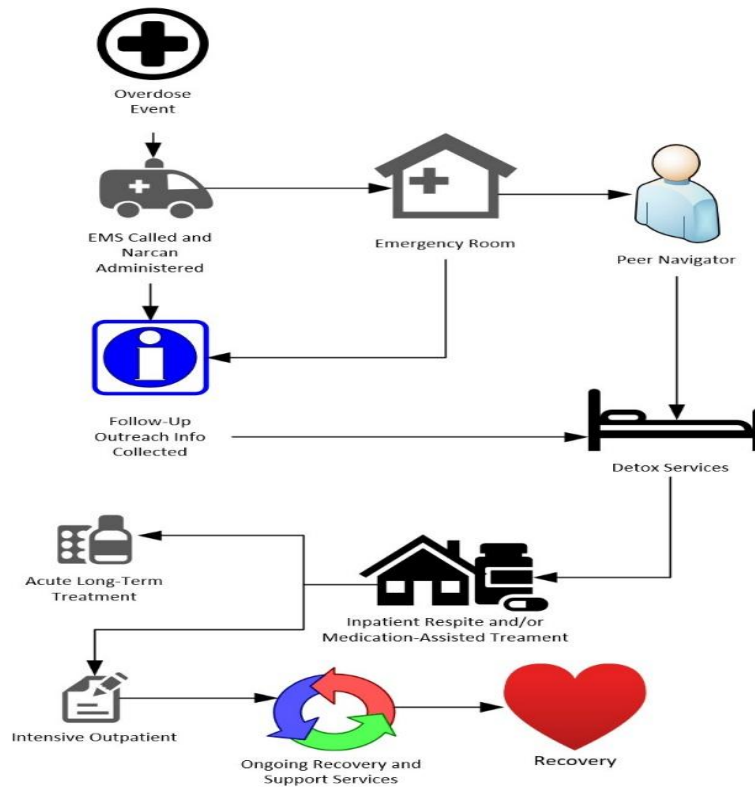
Exhibit C: Opioid Settlement Funds Received by Category and Fiscal Year

Settlement fund Category	FY23	FY24	FY25
Opioid Abatement	\$3,436,808	\$3,386,977	\$2,695,953
Opioid Abatement Fund Competitive Grant*	0	0	0
Subdivision fund	1,737,809	2,010,555	1,219,382
Total	\$5,174,617	\$5,397,535	\$3,915,335

Source: Oracle E-Business Suite R-12

Exhibit D below illustrates the Health Department’s opioid treatment process supported by opioid settlement funds.

Exhibit D: Opioid Treatment Process



Source: Behavioral Health and Wellness Services, Metro Public Health Department

Objectives & Conclusions

Were processes and controls in place to ensure expended opioid settlement funds met uses outlined in the Tennessee-State Subdivision Opioid Abatement Agreement and applicable contracts and grant agreements?

Scope Limitation – Unable to Determine. Opioid Settlement Fund expenditures were consistent with allowable uses outlined in Exhibit E of the Tennessee State-Subdivision Opioid Abatement Agreement and the grant contract with the OAC. However, control weaknesses were identified, including a lack of program-level invoice review, inaccuracies in financial reporting to the OAC, lack of required grant reporting, and insufficient documentation and oversight of payroll charged to the opioid settlement funds.

Were opioid settlement funds expended in accordance with the Metropolitan Nashville Opioid Steering Committee proposal?

Yes. Opioid settlement fund spending was in accordance with the Metropolitan Nashville Opioid Steering Committee proposal for the use of funds. A review of the proposal and current programming noted most recommended initiatives were implemented or partially implemented. Certain elements, such as a centralized intake system, transportation infrastructure, a formal Crisis Stabilization Unit, and independent governance structure, are yet to be fully implemented.

Were comprehensive performance measures and oversight established to assess the impact of opioid settlement spending to gauge the success of the program?

Generally, no. While performance measures, goals, and opioid outcome data were established and tracked, sufficient evidence was not available to demonstrate that performance information was consistently analyzed and used to evaluate the effectiveness of opioid settlement funded activities or assess program goals. In addition, a governance or oversight structure similar to those in other jurisdictions was not established, and ongoing monitoring and governance were limited which reduced transparency and the ability to fully assess program effectiveness.

Observations & Recommendations

Internal controls help ensure entities achieve important objectives to sustain and improve performance. The Committee of Sponsoring Organizations of the Treadway Commission (COSO), Internal Control – Integrated Framework, enables organizations to effectively and efficiently develop systems of internal control that adapt to changing business and operating environments, mitigate risks to acceptable levels, and support sound decision-making and governance of the organization. See Appendix B for a description of the observation Assessed Risk Rating.

Observation A

Payroll Allocations to Opioid Settlement Funds

Risk Level: **High**

Responses obtained from employees to verify payroll charges to opioid settlement fund business units were interfered with by program management. Emails reviewed during the audit showed the Behavioral Health and Wellness Division - Program Manager directed and edited employee responses prior to submission.

Payroll-related charges accounted for approximately \$1.5M of settlement funds expended in fiscal year 2025. The Office of Management and Budget Position Status Report identified employees with salaries charged to the opioid settlement business units. The Health Department's program director also provided a listing of positions charged to the grant business unit. However, the listing could not be reconciled with the Position Status Report. The program director's listing included positions not on the Position Status report, and the requested listing for the unrestricted business unit was not provided.

Emails were sent directly to 34 employees listed on the Position Status Report requesting confirmation of their position title, primary responsibilities, connection to opioid-related initiatives, and an estimate of the percentage of time spent on opioid-related services. Employee responses were compiled and reviewed. Several responses were written in a similar format. Additionally, some initial responses were later updated with higher percentage estimates.

Due to the unusual nature of responses, emails between the program manager and employees related to the inquiry were pulled and reviewed. Emails obtained showed that the program manager reviewed, edited, and provided directions to employees regarding their responses prior to submission. In some cases, employees were instructed to revise their

descriptions of duties or estimates of time spent on opioid-related work before sending their responses. Employees were also instructed to share written responses with the program manager prior to sending them to the auditors.

Per Metropolitan Code Section 2.24.300 (H), the Office of Internal Audit is allowed unimpeded access to personnel for audits. When employee confirmations are directed or edited by management, they do not provide independent confirmation of the work performed. As such, the email responses could not be relied upon and salary compliance with spending requirements could not be determined.

In addition, a significant portion of opioid settlement funds has been allocated to payroll expenditures. During the audit period, payroll expenditures totaled approximately \$1.5M, representing 51% of total expenditures. Settlement funding is finite and may not represent a consistent long-term funding source. Additionally, the funding is not sent in consistent, reliable amounts. Thus, predicting year over year receipts is not possible. A contingency plan to fund these positions in case sufficient funds are not received annually was not identified.

Salaries charged to funds requiring specific job responsibilities for compliance should have documented job descriptions, time allocations, and justifications for using the funding source. Without documented support for employee time allocation to opioid settlement funded business units, the risk of non-opioid related time being charged to settlement funding increases. Additionally, without contingency planning for reliable annual funding, there is a risk that positions supported by settlement funds may not be sufficiently covered each year.

Criteria

- * *COSO Principle 10: The organization selects and develops control activities that contribute to the mitigation of risks.*
- * *COSO Principle 13: The organization obtains and uses relevant quality information to support internal control.*
- * *Tennessee State-Subdivision Opioid Abatement Agreement*
- * *National Opioid Settlement Agreements, Exhibit E (Opioid Remediation Uses)*
- * *Opioid Abatement Council Community Grant 25-27*

* *Metropolitan Code Section 2.24.300 (H) – Access to Records and Personnel*

Recommendation

1. Health Department management should document and support the percentage of employee time charged to opioid settlement business units. Job responsibilities should be clearly defined to ensure that only the portion of employee time spent on opioid abatement activities is charged to those business units.
2. Additionally, management should evaluate the long-term funding of positions supported by opioid settlement funds and develop a plan to transition these positions to alternative funding sources or adjust staffing levels as settlement funds are reduced or depleted.

Management Response

1. The program started at MPH D in 2024. It was still in a development stage where staff were being hired and trained while the many public health activities were ongoing.

MPHD accepts this recommendation. MPH D will conduct a full assessment of staff charged to opioid settlement funds either fully or partially. For staff working partially on other tasks within the BHW division, MPH D will develop a plan to ensure charges are made to business units that reflect the scope of each employee's work.

After fully assessing the scope of each position fully or partially funded by opioid settlement dollars, we will ensure that employee time is charged to the business units that best reflect each employee's tasks.

Additionally, MPH D will address the issues interference in Metro audit processes through internal administrative processes.

Estimated Implementation: June 1, 2026

2. Concern for sustainability plan and long-term funding is a universal concern for all grant-funded positions.

MPHD is already adjusting staffing levels as individuals vacate positions and changing focus away from provision of direct clinical care.

MPHD accepts this recommendation.

Estimated Implementation: July 1, 2026

Observation B

Governance and Oversight of Opioid Settlement Funds

Risk Level: **High**

A formal oversight structure for the opioid settlement program has not been established. Settlement funds are included in the Health Department's budget, and ongoing decisions regarding the allocation and use of settlement funds are made internally. Additionally, reporting program activities to the Board of Health has been limited.

When opioid settlement funding became available, a steering committee composed of community stakeholders was convened to evaluate local needs and recommend strategies for the use of the funds. The committee developed and submitted a proposal to the mayor outlining recommended priorities. The mayor directed the Health Department to administer the program, and a program director within the department oversaw program implementation. Since the initial proposal, program updates, changes, and other decisions regarding the allocation and use of opioid settlement funds have been made within the Health Department. While the initial steering committee identified key priorities for the use of funds, the proposal was developed in the early stages of funding. As the program has progressed, certain proposed initiatives were not implemented or may no longer align with current priorities. This highlights the need for a formal governance structure to reassess priorities, set and track program goals, guide program direction, and allow for timely adjustments or pivots as program needs change.

Best practices reviewed include establishing a formal commission or oversight body responsible for reviewing funding priorities, approving expenditures, and monitoring program outcomes. Benchmarking with other Tennessee counties revealed that four of the five responding counties established some form of oversight or governance committee related to opioid settlement funds. The oversight structures typically include representatives from government agencies, healthcare providers, and community stakeholders and provide an additional layer of transparency and accountability.

Guidance related to opioid settlement spending also recommends establishing transparent decision-making processes and monitoring activities to ensure funds are allocated effectively and programs are evaluated. For example, RAND Health, a research based organization to improve state and local government societal health,

recommends jurisdictions develop a fair and transparent process for deciding where to spend settlement funds and avoid spending without evaluation and monitoring.

A review of meeting minutes and agendas for the Board of Health and the Behavioral Health and Wellness Advisory Council was performed to determine whether opioid settlement activities were reported through established governance structures. The Metropolitan Public Health Board met 45 times during the audit period, and opioid settlement activities were mentioned once in March 2022. The Behavioral Health and Wellness Advisory Council met 26 times during the audit period, and 7 meetings included discussions related to opioid settlement funds, primarily regarding the request for proposals process for contractors. The Health Department Director noted that the Behavioral Health and Wellness Advisory Council would not be appropriate to provide oversight for settlement funds, as some of the members may also be potential recipients of the funding.

Based on interviews and documentation reviewed, no committees or external bodies currently provide formal oversight of Metropolitan Nashville Government opioid settlement fund spending. When formal governance and oversight structures are not established, there is an increased risk that decisions lack transparency and program outcomes lack independent review.

Criteria

- * *COSO Principle 5: The organization holds individuals accountable for internal control responsibilities.*
- * *COSO Principle 16: The organization performs evaluations to determine whether controls are present and functioning.*
- * *RAND, Strategies for Effectively Allocating Opioid Settlement Funds*

Recommendation

Management of the Health Department should work with the Mayor's Office to establish a formal oversight structure and governance process for the opioid settlement program. Ensure regular reporting on settlement fund allocations and program outcomes are provided to the oversight body.

Management Response

MPHD is amenable to working with the mayor's office on establishing an **advisory** (not oversight) body for settlement funds. We will need to ensure that members of a community advisory body do not have conflicts of interests.

The Board of Health provides oversight to MPH. And implementation of opioids mitigation and prevention measures is best done using a public health approach.

The steering committee was charged with establishing recommendations for an opioid system of care. These recommendations strongly informed MPH's RFP for county settlement funds as well as our application for a competitive OAC community grant. Both RFPs were published transparently, and applications were requested for this work following the recommendations of the steering committee. Awards were made that aligned with these recommendations. Metro's Board of Health also approved any grant funds and contracts associated with county or competitive opioid dollars.

MPHD also shared information and had contractors present on their work to the Mayor's Behavioral Health and Wellness Advisory Council.

Estimated Implementation: Tentatively September 2026 - dependent upon Mayor's Office

Observation C

Contractor Invoice Review and Approval

Risk Level: **Medium**

Reviews of contractor invoices funded by opioid settlement funds were not sufficiently performed at the program level.

Contractor invoices are initially reviewed by a finance specialist in the Health Department's Behavioral Health and Wellness Division, approved by the Director of Behavioral Health and Wellness, and then submitted to the departmental finance office for payment. The review process is intended to ensure charges comply with contract terms, are allowable and accurate, and are properly supported prior to payment.

All 11 invoices from Mental Health Cooperative and Samaritan Recovery Community during the audit period were tested. All invoices were consistent with the contract scope, allowable costs, and approved budgets. However, for all 11 invoices tested, charges were not sufficiently reviewed and compared to contract requirements at the program level. Invoices were not consistently traced to supporting documentation prior to approval, and questions regarding charges were often resolved only after audit inquiry.

Salary charges appeared on every invoice. Billed positions and amounts were not reviewed or traced to contract budgeted positions during the approval process. In several instances, vendor position titles differed from those in the contract and had to be reconciled during audit testing. Supporting documentation was not requested during the original review and had to be obtained during the audit.

One invoice included a \$29,314 capital charge for a vehicle. Although allowable under the contract, supporting documentation was not submitted with the invoice or requested during the Health Department's review. A payment of \$104,066 for March 2025 services was incorrectly paid to Mental Health Cooperative instead of Samaritan Recovery Community. The error was identified by the vendor and later corrected. Additionally, a November 2024 invoice was paid twice for different amounts due to a revised invoice submission. Although corrections were later made to result in a net accurate payment, the duplicate payment occurred without detection during the program level review.

When invoice charges are not consistently reviewed and traced to supporting documentation prior to payment, the

risk of improper payments, duplicate payments, and non-compliant charges increases.

Criteria

- * *COSO Principle 10: The organization selects and develops control activities that contribute to the mitigation of risks.*
- * *COSO Principle 12: The organization deploys control activities through policies that establish what is expected and procedures that put policies into action.*

Recommendation

Management of the Health Department should ensure program-level review of contractor invoices is performed prior to approval, including verification of charges to contract terms, budgets, and supporting documentation.

Management Response

MPHD accepts that in some cases review of invoices and backup documentation by the Behavioral Health and Wellness Program Director could be improved. We have, and will, institute additional controls with oversight from the Bureau of Population Health and the Director's Office going forward.

Estimated Implementation: June 1, 2026

Observation D

Opioid Settlement Fund Reporting Accuracy and Compliance

Risk Level: **Medium**

Reports submitted to the Tennessee Opioid Abatement Council (OAC) were inaccurate, and grant reports required were not provided by the Health Department.

Counties receiving opioid settlement funds are required to submit semi-annual reports to the OAC to provide accountability and transparency regarding allocation and expenditure of funds and to demonstrate alignment with approved remediation strategies. The reports support state-level oversight and public reporting of opioid settlement fund usage.

Four semi-annual reports submitted during the audit period were obtained and reviewed. All reports were submitted timely. However, three of the four reports contained financial data that was inconsistent with actual spending reflected in the Oracle R-12 financial system.

The first semi-annual report submitted listed \$4,000,000 as received when only \$3,425,337 had been received to date. Additionally, \$3,993,732 was reported as allocated for the period of February 1, 2023, though August 31, 2023. However, this amount was not allocated until the FY25 budget was approved by the Metropolitan Council in June 2024. In another semi-annual report, total expenditures to date were reported as \$586,574. However, amounts spent reported by category totaled significantly more, including \$2,400,060 for primary prevention and \$1,593,732 for recovery support.

The Metropolitan Nashville Government received \$6,353,570 in grant funding to be used between July 1, 2024, and June 30, 2027. Actual spending under the grant began in November 2024. The grant contract with the OAC was reviewed to determine required reporting. Two quarterly reports and one semi-annual report were required to be submitted during the audit period. Multiple requests were made to the program director for the reports. The required grant semi-annual report was ultimately provided. However, the required quarterly grant disbursement reports were not provided.

When reports submitted to the OAC contain inaccurate financial information and required grant reports are not prepared or maintained, the risk that oversight bodies and the public receive incomplete or incorrect information increases. Reporting deficiencies also limits transparency

and increases the risk of noncompliance with grant requirements.

Criteria

- * *COSO Principle 10: The organization selects and develops control activities to mitigate risks.*
- * *COSO Principle 12: The organization deploys control activities through policies that establish what is expected and procedures that put policies into action.*

Recommendation

Management of the Health Department should establish quality assurance reporting procedures to require independent reconciliation of reporting amounts to financial reports before submission. Additionally, procedures should ensure all reports are submitted and retained.

Management Response

Accept.

The audit period was from March 1, 2022-May 31, 2025. MPHD received Council approval to spend the funds on July 1, 2024, at which point an RFP was issued and actual spending began in November 2024.

MPHD has had full oversight of this program for 1 year when the audit began and less than 2 years now, and significant efforts in start-up, hiring, contracting and oversight have been established.

We will review processes and controls between the Behavioral Health and Wellness Division and MPHD's Finance and Administration Bureau and institute additional oversight from the Bureau of Population Health and the Director's Office.

MPHD submitted reports to the OAC during the audit period but acknowledge the errors and that information may not have been provided to auditors on time.

We also note that the receipt of abatement dollars is very dynamic and involves multiple levels of review and approval (BOH, Council, Mayor's Office) and allocation to MPHD and subsequent spending was delayed by Metro. In addition, OAC reporting requirements took some time to be established and evolved overtime. And that there might have

been some prior confusion as to the definition of spending (allocation, contracted, paid, etc).

However, consistent with the Health Department's commitment to continuous quality improvement, we will work to improve quality assurance reporting procedures to require independent reconciliation of reporting amounts to financial reports before submission. And ensure that all reports are submitted.

Estimated Implementation: June 1, 2026

Observation E

Performance Indicators

Risk Level: **Medium**

Performance measures for the opioid settlement fund program could be improved. Performance measures need to be consistently tracked, evaluated, and reported to demonstrate progress toward program goals and outcomes.

Health Department management has identified performance measures, including reductions in overdose incidents and fatalities, the number of individuals served through care coordination and treatment services, referrals to prevention programs, retention in behavioral health services, and community outreach efforts. Each measure included documented, quantified targets. Additionally, the Health Department regularly publishes overdose surveillance reports containing overdose fatality trends, emergency department visit data, EMS overdoses response data, demographic information, and substance-related trend data.

However, sufficient evidence was not available to demonstrate that opioid settlement program performance information was analyzed and used to evaluate program effectiveness. While overdose trend data was publicly reported and contractors are required to report performance data, limited documentation was provided demonstrating a formalized process for regularly reviewing contractor and program-level performance information across the opioid settlement program or evaluating progress toward program goals.

Health Department management noted that long-term outcomes, such as reductions in overdose rates, will take time to materialize and are influenced by external factors. However, performance frameworks can include both short-term output indicators and longer-term outcome measures to assess progress over time.

Best practices emphasize establishing measurable indicators, collecting and analyzing data, and using results to inform decision-making. The National Association of Counties notes that jurisdictions should monitor both outputs and outcomes and should regularly review this information to guide program adjustments. Additionally, RAND guidance highlights the importance of defining success and evaluating whether funded programs achieve intended results.

When performance measures are not consistently tracked, evaluated, and used to inform decision-making, the risk that program effectiveness cannot be fully assessed increases. Additionally, opportunities to improve outcomes and maximize the impact of opioid settlement funds may be missed.

Criteria

- * *COSO Principle 13: The organization obtains and uses relevant quality information to support internal control.*
- * *COSO Principle 16: The organization performs evaluations to determine whether controls are present and functioning.*
- * *National Association of Counties, The Principles Quick Guide to Monitoring Opioid Settlement Spending*
- * *RAND, Strategies for Effectively Allocating Opioid Settlement Funds*

Recommendation

Health Department management should develop and implement a process to consistently track, analyze, and report performance measures for the opioid settlement program. Metrics should include both short-term output indicators and longer-term outcome measures. Management should utilize available data from contractors and internal sources to evaluate progress and inform decision-making.

Management Response

Rejected

There are multiple ways in which jurisdictions track performance measures for opioid settlement programs. MPHD has performance indicators in place to track progress in addressing the opioid crisis through deployment of opioid settlement funds. While we will continue to improve ways in which this is done, we believe we are in compliance with OAC reporting requirements.

There are performance metrics in all of the contracts issued in the settlement funds in the state abatement grant.

We are consistently tracking and publicly producing regular data on trends in opioids overdose measures.

MPHD will look into additional oversight over reporting from the Bureau of Population Health and the Director's Office to

allow for measurement, refinement and evaluation of progress.

Public Health outcomes are more difficult to track. There are many factors that contribute to changes in the outcomes, many of which are outside the purview of any grant or settlement funds. And public health outcomes take time. Again, we produce opioids related outcome trends on a regular basis.

Government Auditing Standards Compliance

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Scope

The scope of this audit included all Opioid Settlement Fund activities and transactions from March 1, 2022, through May 31, 2025.

Methodology

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

- Obtained and reviewed the Metropolitan Nashville Steering Committee proposal and related planning documents.
- Reviewed contracts, invoices, and supporting documentation for expenditures funded by opioid settlement funds.
- Conducted interviews with Health Department personnel, contractors, and external stakeholders to understand program operations and performance measures.
- Performed site visits and facility tours of contracted service providers to observe program implementation.
- Assessed compliance with the Tennessee State-Subdivision Opioid Abatement Agreement, Exhibit E, applicable contracts and grant requirements.
- Conducted benchmarking with other counties to evaluate oversight structures, performance measurement practices, and use of funds.
- Evaluated internal controls currently in place.
- Considered risk of fraud, waste, and abuse.

Audit Team

Mary Cole, CPA, CISA, CGFM, CFE, In-Charge Auditor
Seth Hatfield, CPA, CIA, CFE, CCFO, Quality Assurance
Lauren Riley, CPA, CIA, CFE, ACDA, CMFO, Metropolitan Auditor

Appendix A: Management Acknowledgement Letter

May 28, 2026

To: Lauren Riley, Metropolitan Auditor
Office of Internal Audit

From: Sanmi Areola, Director
Metro Public Health Department

Re: Audit of the Metropolitan Nashville Government Opioid Settlement Funds

On behalf of Metro Public Health Department, I am formally acknowledging receipt of the draft audit report, Audit of the Metropolitan Nashville Government Opioid Settlement Funds, covering the period March 1, 2022 to May 31, 2025. We have carefully reviewed the report in its entirety. I acknowledge the effort and time your team invested in conducting this assessment of our Opioid Settlement Funds operations.

The program was moved to the Metro Public Health Department (MPHD) in 2024. MPHD received Council approval to spend the funds on July 1, 2024, at which point an RFP was issued and actual spending began in November 2024. In the first year, the program got out two major grants, developed program objectives and hired personnel.

I note that the report concluded that the use of the settlement funds was, and is, in accordance with what the Steering Committee recommended which are, for the most part, consistent with the spectrum of intervention approaches used in opioids mitigation across the country.

The program is still in its infancy. However, the findings provide some valuable information that should support some programmatic quality improvement efforts moving forward.

Appropriate internal administrative actions will be taken regarding interference by the program manager and inadequacy of program oversight.

In the attached Response Matrix, we have accepted most of the recommendations. Our leadership team is fully committed to addressing relevant recommendations and has already identified solid corrective action plans in the form of new and updated procedures and staff training. We view quality improvement processes as an opportunity to strengthen our internal controls, improve our processes, and better serve our stakeholders.

Please do not hesitate to contact us should you require any additional information or clarification.

Thank you.

Appendix B: Assessed Risk Ranking

Observations identified during the course of the audit are assigned a risk rating, as outlined in the table below. The risk rating is based on the financial, operational, compliance or reputational impact the issue identified has on the Metropolitan Nashville Government.

Rating	Financial	Internal Controls	Compliance	Public
HIGH	Large financial impact Remiss in responsibilities of being a custodian of the public trust	Missing, or inadequate key internal controls	Noncompliance with applicable Federal, state, and local laws, or Metro Nashville Government policies	High probability for negative public trust perception
MEDIUM	Moderate financial impact	Partial controls Not adequate to identify noncompliance or misappropriation timely	Inconsistent compliance with Federal, state, and local laws, or Metro Nashville Government policies	The potential for negative public trust perception
LOW/ Emerging Issues	Low financial impact <\$10,000	Internal controls in place but not consistently efficient or effective Implementing / enhancing controls could prevent future problems	Generally complies with Federal, state, and local laws, or Metro Nashville Government policies, but some minor discrepancies exist	Low probability for negative public trust perception