



**A Report to the  
Audit Committee**

**Mayor**  
Megan Barry

**Chief Operating Officer**  
Richard Riebeling

**Audit Committee Members**  
David Briley  
John Cooper  
Charles Frasier  
Talia Lomax-O'dneal  
Bob Mendes  
Brack Reed

**Audit of Assessor of Property –  
Public Report**

May 1, 2017

Metropolitan  
Nashville  
Office of  
Internal Audit

# AUDIT OF ASSESSOR OF PROPERTY

## EXECUTIVE SUMMARY

May 1, 2017



### Why We Did This Audit

The incoming Assessor of Property on September 1, 2016, requested an audit of the administrative processes for the office.

### What We Recommend

- Review the TimeForce reporting mechanism for the cumulative leave balance report.
- Monitor office fuel usage.
- Maintain and update the fixed and tracked asset listing.
- Implement prior audit recommendations that remain open.

### BACKGROUND

The Assessor of Property has a duty to discover, list, classify, and value all property within the jurisdiction of Davidson County. This includes real property and personal property. The department will perform a county-wide reappraisal in 2017.

The Assessor of Property has approximately 95 employees including full-time, part-time, seasonal positions, and hearing officers.

### OBJECTIVES AND SCOPE

The objectives of the audit are to determine if:

- Controls are in place to ensure fiscal resources are managed.
- Audit recommendations in the 2014 Assessor of Property audit were implemented.

The audit scope was November 1, 2014, through August 31, 2016.

### WHAT WE FOUND

The Assessor of Property has controls in place to ensure fiscal resources are managed. Overall the function is well managed. However, the balances on the TimeForce cumulative report were less than the leave amounts paid out to separated employees, the fuel usage is not monitored, and the fixed and tracked asset listing are not maintained.

Additionally, six prior accepted audit recommendations from the June 24, 2014, internal audit report were not implemented.

Redacted Report - Due to the sensitive information included in this report, which could detail information security vulnerabilities, weaknesses, and possible threats, the distribution for these matters is limited to management of the Assessor of Property and the Metropolitan Nashville Government. This exemption is granted by Tennessee Code Annotated § 10-7-504 (i) (1) "Information that would allow a person to obtain unauthorized access to confidential information or to government property shall be maintained as confidential."

## GOVERNANCE

---

The Assessor of Property is an elected official, chosen by the citizenry, who serves a four-year term before the reelection process begins again. Functionally, Tennessee state law and the Tennessee Board of Equalization set forth various guidelines, policies, rules and manuals governing local assessment operations and mandate training requirements for assessment officials. All appraisals performed are subject to appeal via an independent Metro Nashville Board of Equalization. In certain instances, appeals may be made directly to the Tennessee Board of Equalization.

## OBJECTIVES AND CONCLUSIONS

---

1. *Are controls in place to ensure fiscal resources are managed?*

**Generally yes.** The Assessor of Property has controls in place to ensure fiscal resources are managed. Overall the function is well managed. However, procedures can be improved over timekeeping, fuel monitoring, and maintaining the fixed and tracked asset list. (See Observations A, B, and C) Sub-objectives tested were:

---

### Supporting Objectives and Conclusions

---

a. *Are controls in place to ensure that leave balances align with the Assessor of Property's policies?*

**Generally yes.** A review of leave policies and discussions with management indicate that the department has policies over the earning of compensatory time as well as vacation and sick time. The department uses TimeForce for timekeeping. However, the report with cumulative leave balances could not be used to recalculate the leave balances paid for two terminated employees. (See Observation A.)

In addition,

(See Observation A.)

b. *Are expenditures (supplies, fuel, telecommunications, services, etc.) supportive of delivery of property assessment services, recorded, and procured following the Metropolitan Nashville Procurement Code?*

**Generally yes.** Expenditures were approved and supported the Assessor of Property's mission. However, fuel usage reports from the Office of Fleet Management were not reviewed by the department. (See Observation B.)

c. *Did the contract solicitation(s) comply with Metropolitan Nashville Procurement Regulations?*

**Yes.** All sole source contracts reviewed were approved by the Metropolitan Nashville Government's Purchasing Agent.

d. *Did the Assessor of Property Office submit budgetary information in accordance with Metropolitan Government of Nashville policies?*

**Yes.** The department submitted their budgetary reports in compliance with the policy.

e. *Are there controls over the petty cash fund in accordance with Metropolitan Nashville Finance policies?*

**Yes.** The petty cash fund and receipts were accounted for and agreed with the general ledger balance. The receipts were for business purposes.

f. *Are fixed assets accounted for and recorded in Metropolitan Nashville Government's accounting system? Are attractive lesser valued assets tracked?*

**No.** Out of 15 assets items tested, 8 asset items (53 percent) could not be located by management. (See Observation C.)

g. *Did the Assessor of Property office have a procedure for the completion of Acceptable Use Policy and the Security Awareness Training?*

**Yes.** All applicable employees complete the Acceptable Use Policy and the Security Awareness Training.

h. *Are property assessments of prior employees reasonable?*

**Yes.** We reviewed property assessments of prior employees, and they were reasonable.

2. *Are the recommendations contained in 2014 Assessor of Property internal audit report implemented?*

**Generally No.** The Assessor of Property Office fully implemented 6 out of 15 accepted audit recommendations from the June 24, 2014, internal audit performed by the Metropolitan Nashville Office of Internal Audit. Work is still ongoing for 6 recommendations due to a delay in new software implementation; 3 recommendations were determined no longer be applicable. (See Observation E.)

## AUDIT OBSERVATIONS

---

Internal control helps entities achieve important objectives and sustain and improve performance. The Committee of Sponsoring Organizations of the Treadway Commission, *Internal Control – Integrated Framework (COSO)*, enables organizations to effectively and efficiently develop systems of internal control that adapt to changing business and operating environment, mitigate risks to acceptable levels, and support sound decision making and governance of the organization. The audit observations listed are offered to assist management in fulfilling their internal control responsibilities.

### ***Observation A – TimeForce Cumulative Leave Balance Report***

The TimeForce system was unable to recalculate the exact leave balance that was paid to two terminated employees due to an error in the Accrual History cumulative leave balance report. The amounts of leave used were taken from a separate report of daily leave, and the amounts of leave accruals were based on the civil service policy. One employee was potentially paid 46.22 hours excess, \$2,333; another employee was potentially paid 13.18 hours excess, \$500.74; total potential excess pay was \$2,834.

When the cumulative leave balances are incorrect, the risk of excess funds being paid is increased.

#### *Criteria:*

- *COSO, Information and Communication– Principle 16.* The organization selects, develops, and performs ongoing and/or separate evaluations to ascertain whether the components of internal control are present and functioning.
- *Metro General Government Civil Service Rules* list the rates at which vacation leave may be accrued per years of service.

#### *Recommendations for management of the Assessor of Property to:*

Review the Accrual History Cumulative Leave Balance report and resolve the error in the report.

### ***Observation B – Monitor Fuel Usage***

Monthly fuel transaction data is not reviewed, and use of fuel key and fuel card use is not analyzed. The Assessor of Property office should monitor its fuel usage in accordance with Metropolitan Nashville Government General Services Department’s Administrative Order 08-14. The Assessor of Property office did not monitor fuel usage as described in Metropolitan Nashville Government General Services Department’s Administrative Order 08-14.

When fuel usage is not properly monitored, the risk of undetected errors and theft increases.

#### *Criteria:*

- *COSO, Control Activities–Principle 10–*The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.
- *Metropolitan Nashville Government General Services Department Administrative Order 08-14*

*Recommendations for management of the Assessor of Property to:*

Monitor fuel usage as outlined by Metropolitan Nashville Government General Services Department's Administrative Order 08-14.

**Observation C – Update Fixed Asset List**

The department should ensure that the fixed assets list is updated and maintained in accordance with the Division of Accounts Policy #14 Capital Assets policy. Out of 15 asset items tested, 8 asset items (53%) could not be located by management. The department had assets that were placed in service since 2001, and was no longer in use but had not been removed from the fixed asset listing. Management could not identify a cause for the previous administration's not updating the fixed asset list. The risk of lost or stolen property increases when fixed asset and tracked assets are not maintained.

*Criteria:*

COSO, Control Activities—Principle 10—The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.

*Recommendations for management of the Assessor of Property to:*

Ensure that the fixed assets list is updated and maintained in accordance with the Division of Accounts Policy #14 Capital Assets policy.

**Observation D –**

*Criteria:*

COSO, Control Activities—Principle 10—The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.

*Recommendations for management of the Assessor of Property to:*

**Observation E - Prior Accepted Audit Recommendations Status**

Out of 15 accepted audit recommendations from June 24, 2014, Assessor of Property Office internal audit, 6 recommendations were not implemented, and 3 were no longer applicable. The status of the 6 recommendations is as follows:

— Recommendation A.1 –

— Recommendation A.2 – Due to system performance issues, the upgrade to the AssessPro system has been postponed until after the 2017 property reappraisal is completed.

— Recommendation A.3 -

— Recommendation A.6 -

— Recommendation A.7 - Due to system performance issues, the upgrade to the AssessPro system has been postponed until after the 2017 property reappraisal is completed.

- Recommendation B – Due to issues with the Trustee’s Office newly implemented software a formal reconciliation process each time the assessment roll is transferred to the Trustee’s Office has not been implemented.

*Criteria:*

*COSO, Control Activities—Principle 10—The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.*

*Recommendations for management of the Assessor of Property to:*

6. Jointly work with the Trustee’s Office to develop and implement a formal reconciliation process to be performed each time the assessment roll is transferred to the Trustee’s Office.

## **GOVERNMENT AUDITING STANDARDS COMPLIANCE**

---

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

## **METHODOLOGY**

---

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

- Interviewed key personnel within various functions.
- Reviewed and analyzed documentation for compliance with the Tennessee Code Annotated, Metropolitan Nashville Code of Laws, and other applicable laws, regulations, and policies.
- Evaluated internal controls in place during the audit period.
- Performed inquiries and observations on walkthroughs of procedures, and tested samples, to determine the effectiveness of internal controls.
- Considered risk of fraud, waste, and abuse.
- Considered information technology risks.

## **AUDIT TEAM**

---

Mary Cole, CPA, CISA, CFE, CGFM, Auditor-in-Charge

Innocent Dargbey, CPA, MBA, MS, Staff Auditor

Qian Yuan, CISA, CIA, Principal Auditor

Mark Swann, CPA, CISA, CIA, ACDA, Quality Assurance



**METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY**

**VIVIAN M. WILHOITE  
PROPERTY ASSESSOR**



**DIVISION OF ASSESSMENTS  
REAL & PERSONAL PROPERTY**

April 28, 2017

Mark Swann, Metropolitan Auditor  
Office of Internal Audit  
1417 Murfreesboro Pike  
Nashville, TN 37217

RE: Audit of Office of Assessor of Property

Dear Mr. Swann:

This letter acknowledges receipt of the Audit of the Office of the Property Assessor which I requested at the start of my administration. I appreciate the work by your staff, Mary Cole, Innocent Dargbey and Quian Yuan in performing the audit both timely and professionally. Attached are Management Responses to the Audit Recommendations. We will endeavor to implement the recommendations that resulted from the previous administration. It is our commitment to work in the most efficient manner possible.

Gratefully,

*Vivian M. Wilhoite*

## APPENDIX A – MANAGEMENT RESPONSE AND CORRECTIVE ACTION PLAN

We believe that operational management is in a unique position to best understand their operations and may be able to identify more innovative and effective approaches and we encourage them to do so when providing their response to our recommendations.

Recommendations	Concurrence and Corrective Action Plan	Proposed Completion Date
<b>Management of the Assessor of Property should:</b>		
<p><b>A.</b> Review the Accrual History Cumulative Leave Balance report and resolve the error in the report.</p>	<p><b>Accept.</b> Please note the issue with the Accrual History Cumulative Leave Balance Report occurred prior to the new administration taking office September 1, 2016. An attempt will be made to resolve the Leave Balance Report issue calculated by TimeForce. However, because of the setup of the TimeForce system it may not be possible to correct past errors in the reporting component. Staff routinely manually calculates and verifies leave balance for all employees.</p>	December 2017
<p><b>B.</b> Monitor fuel usage as outlined by Metropolitan Nashville Government General Services Department’s Administrative Order 08-14.</p>	<p><b>Accept.</b> Please note this issue occurred prior to the new administration taking office September 1, 2016. Going forward we will review the Administrative Order 08-14 and adhere to its directives.</p>	May 22, 2017
<p><b>C.</b> Ensure that the fixed assets list is updated and maintained in accordance with the Division of Accounts Policy #14 Capital Assets policy.</p>	<p><b>Accept.</b> Please note this issue occurred prior to the new administration taking office September 1, 2016. Going forward we will update and maintain the fixed assets lists in accordance with the Division of Accounts Policy #14 Capital Assets policy.</p>	December 2017
<p><b>D.</b></p>	<p><b>Accept.</b></p>	May 22, 2017