



**A Report to the  
Audit Committee**

**Mayor**  
John Cooper

**Beer Permit Board Executive  
Director**  
Benton McDonough

**Audit Committee Members**  
Kevin Crumbo  
Thom Druffel  
Charles Frasier  
Brackney Reed  
Jim Shulman  
Zulfat Suara

Metropolitan  
Nashville  
Office of  
Internal Audit

# Audit of the Metropolitan Nashville Beer Permit Board

December 23, 2020

## EXECUTIVE SUMMARY

December 23, 2020



### Why We Did This Audit

The audit of the Beer Permit Board was conducted as part of the approved 2020 Audit Work Plan. The audit was initiated based on the number of years since the last audit.

### What We Recommend

- Establish periodic reviews of CityWorks exception reports for refunds, deleted cases, and waived fees to ensure they are necessary and authorized.
- Ensure reconciliations are being conducted, reviewed, and approved between amounts recorded CityWorks, bank deposits, and the Oracle R-12 system. Ensure discrepancies are followed up on and resolved timely.
- Establish formal guidelines for the issuance of all refunds, especially the state mandated \$250 permit application fee.
- Ensure cash and check deposits are made within one business day to comply with Metropolitan Department of Finance policy.

# Audit of the Metropolitan Nashville Beer Permit Board

## BACKGROUND

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The Metropolitan Nashville Beer Permit Board has jurisdiction over licensing, regulating, and controlling the transportation, storage, sale, distribution, possession, receipt, and manufacture of beer of an alcoholic content of not more than eight percent by weight or any other beverage of like alcoholic content. The Beer Permit Board constitutes the sole administrative agency in the Metropolitan Nashville Government for the administration of all laws and ordinances relating to beer and like alcoholic beverages.

## OBJECTIVES AND SCOPE

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The objectives of this audit are to determine if the Beer Permit Board:

- Complied with state and local laws, regulations, Metropolitan Nashville Government policies, and Beer Permit Board rules and regulations.
- Established controls that operated effectively to ensure operational and fiscal information was complete, accurate, and timely recorded.

The scope of the audit included the review of operational and fiscal information from July 1, 2018, through June 30, 2020. Trend analysis was performed on revenues for fiscal years 2017 through 2020.

## WHAT WE FOUND

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The Beer Permit Board complied with state and local laws, regulations, and internal rules and regulations. Beer Permit Board meetings are scheduled twice every month, with emergency meetings scheduled when necessary, and minutes are available to the public. The Beer Permit Board reviews and approves or denies applications in accordance with applicable laws and regulations. Permit applications are reviewed by administrative support staff before submitting to the Beer Permit Board for approval. Inspections are timely scheduled and performed. Violations are properly adjudicated. Permit fees, annual privilege tax, and fines are timely assessed and collected.

Revenue reported in the Oracle R-12 system was \$53,385 lower than amounts collected per CityWorks for the three fiscal years analyzed. Reconciliations were not being consistently performed. Written policies and procedures related to refunds or deleted transactions do not exist. Periodic review of exception reports for refunds or deleted transactions are not being conducted. Deposits were not made timely. Summary of leave time taken by staff did not agree with payroll records. Staff administrative access to information system applications was not monitored and related transactions were not reviewed.

## GOVERNANCE

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The Metropolitan Nashville Beer Permit Board consists of seven members who serve a term of four years. Each member is appointed by the Mayor and approved by the Metropolitan Council. The establishment and operations of the Beer Permit Board are subject to State of Tennessee Code Annotated T.C.A. § 57-5 and the Metropolitan Nashville Code of Laws Chapters 7.04, 7.08, 7.20, and 7.24.

The Beer Permit Board meets twice a month to approve permit applicants, review violations, incur penalties made by existing permit holders, and establish the rules and policies related to its mission. The Beer Permit Board employs an administrative staff of five employees who report to an Executive Director. The Executive Director is appointed by and reports to the Beer Permit Board.

## BACKGROUND

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The Beer Permit Board is a self-sustaining agency within the Metropolitan Nashville Government. Operational costs are supported by fees and revenues collected from permits, violations, and other services offered by the Beer Permit Board. High level financial information is presented in Exhibits A and B.

### Exhibit A: Financial Highlights - Fiscal Years 2019 and 2020

| Description                | 2019               | 2020             |
|----------------------------|--------------------|------------------|
| Revenue                    | \$ 418,725         | \$ 562,616       |
| Salary                     | (273,350)          | (344,393)        |
| Fringe Benefits            | (119,376)          | (137,355)        |
| Other                      | (52,388)           | (58,336)         |
| <b>Net revenue\ (loss)</b> | <b>\$ (26,389)</b> | <b>\$ 22,532</b> |

Source: Metropolitan Government Oracle R12 System

### Exhibit B: Revenue by Source – Fiscal Years 2019 and 2020

| Revenue Source          | FY19 Budget       | FY19 Actual       | FY20 Budget       | FY20 Actual       |
|-------------------------|-------------------|-------------------|-------------------|-------------------|
| Beer Law Violation Fine | \$ 214,000        | \$ 118,400        | \$ 214,000        | \$ 255,684        |
| Beer Permit Priv Tax    | 200,100           | 184,792           | 205,000           | 210,558           |
| Beer Permit             | 103,000           | 115,100           | 172,800           | 93,134            |
| Photostat & Microfilm   | 100               | 433               | 300               | 3,240             |
| <b>Totals</b>           | <b>\$ 517,200</b> | <b>\$ 418,725</b> | <b>\$ 592,100</b> | <b>\$ 562,616</b> |

Source: Metropolitan Government Oracle R-12 System

The Beer Permit Board uses CityWorks Permits, Licensing, and Land repository system to process beer permit applications, annual privilege tax payments, and payments for fines and civil penalties assessed for violations. CityWorks gives the Beer Permit Board direct control of the application processes. Designed to simplify applications for customers and streamline workflows for staff, CityWorks is used to help accurately track the permit application process throughout the operational lifecycle.

Beer Permit Board inspectors also use CityWorks to conduct inspections for initial applications and existing permit holders. Inspectors are provided with tablets preloaded with CityWorks which they can directly access during inspections in the field. Data is updated on the central server housing the application. All Beer Permit Board administrative staff have access to CityWorks.

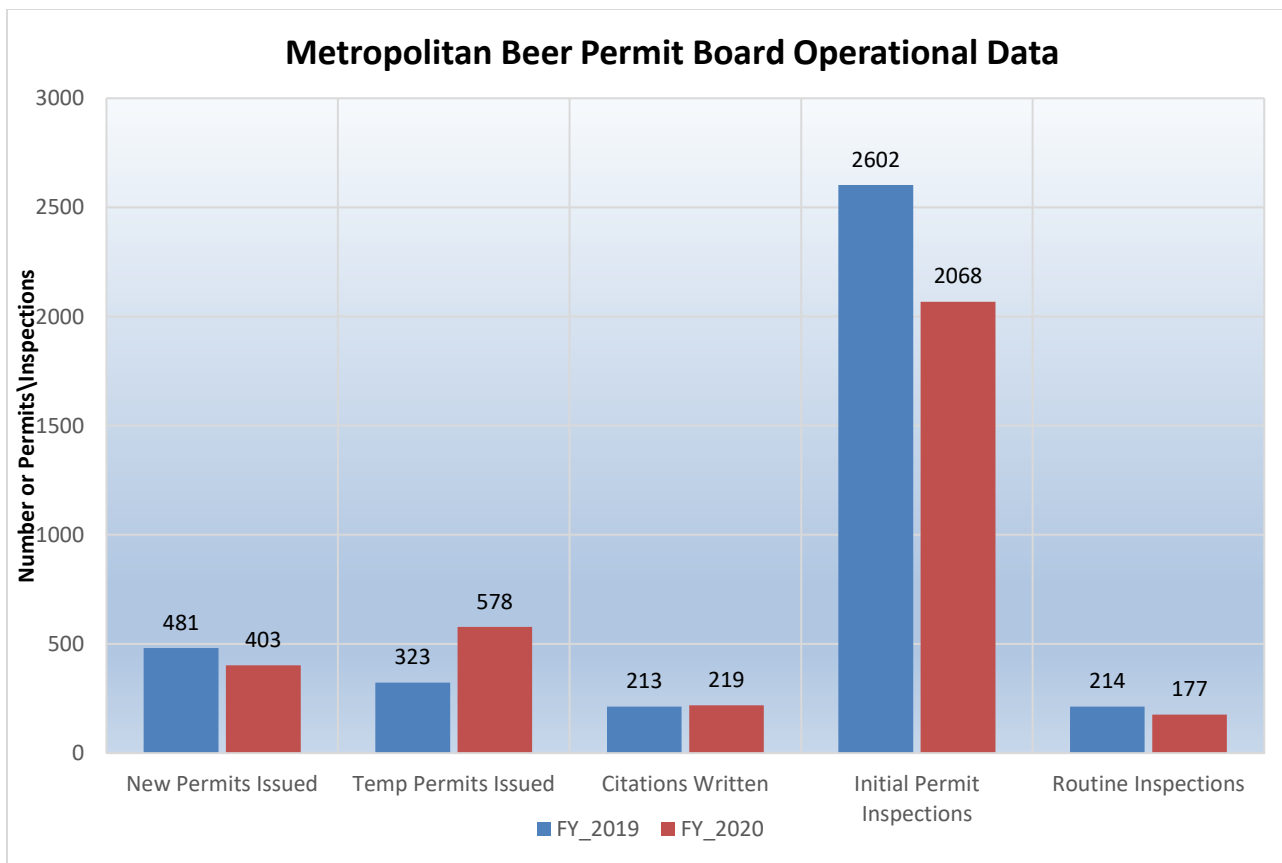
Exhibit C shows the status of permits as of June 30, 2020. Inspections for fiscal years 2020 and 2019 are presented in Exhibit D.

**Exhibit C: Permits Status as of June 30, 2020**

| Permit Type           | Issued       | Pending    | Temporary  |
|-----------------------|--------------|------------|------------|
| On-Site Sales         | 1,077        | 83         | 13         |
| Off-Site Sales        | 564          | 30         | 17         |
| On & Off-Site Sales   | 133          | 40         | 141        |
| Caterer               | 87           | 5          | 1          |
| Special Events        | 41           | 30         | 1          |
| Wholesale\Distributor | 39           | 3          | -          |
| Manufacture           | 12           | 4          | -          |
| <b>Totals</b>         | <b>1,953</b> | <b>195</b> | <b>173</b> |

Source: Metropolitan Government CityWorks PLL System

**Exhibit D: Summary of Operational Data for Fiscal Years 2019 and 2020**



Source: Metropolitan Government CityWorks PLL System

The duties of the operational staff include administrative support and inspections. Administrative support involves scheduling Beer Permit Board meetings, preparing and distributing meeting agendas, presenting permit application status to the Beer Permit Board for review and determination, following up with customers regarding decisions, organizing customer trainings, and collecting, summarizing, and depositing permit fees, privilege tax payments, and fines. The inspections line of business provides information and performs inspections for applicants and permit holders to ensure compliance with applicable laws and regulations.

## AUDIT OBJECTIVES AND CONCLUSIONS

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1. *Did the Beer Permit Board comply with state and local laws and regulations, Metropolitan Nashville policies, and Beer Permit Board rules and regulations?*

**Yes.** The administrative staff provides support in various roles aimed at achieving the goals and objectives set by the Beer Permit Board. Beer Permit Board meetings were conducted in accordance with applicable laws and regulations. Ten Beer Permit Board meetings were reviewed. Official minutes from the meetings agreed with items on the agendas. Any changes to applicable laws, regulations or policies were timely and accurately posted to the Beer Permit Board website. Additionally, the Executive Director prepared a monthly report of key performance indicators that provided information to the Beer Permit Board and various stakeholders. Some items included in the reports are most common violations, top five districts with new permits, total applications and permits processed and issued, and number and types of inspections performed.

A sample of 25 permit applications were reviewed. Each permit application was processed and approved in accordance with applicable rules and regulations of the Beer Permit Board. A sample of 25 inspections related to initial permit applications and violations were reviewed. All 25 applications were processed and approved in accordance with applicable laws, regulations, and policies. An additional 13 inspections related to routine inspections were reviewed. All 13 applications were conducted and processed in accordance with applicable laws, regulations, and policies.

2. *Did the Beer Permit Board establish controls that operated effectively to ensure operational and fiscal information is complete, accurate, and timely recorded?*

**Generally, no.** The administrative support staff has designed and effectively implemented controls over operational processes. However, critical controls over fiscal processes were not being consistently followed.

The Beer Permit Board has implemented general and access controls over information system applications and network data folders in accordance with Metropolitan Nashville Government Information Technology Services protocols. The Beer Permit Board has designed controls such as segregation of duties, security of assets, and reconciliations over the cash collection process. However, these controls were not consistently followed.

Opportunities for enhancing fiscal and application controls exist. Written policies and procedures related to refunds or deleted transactions do not exist. (See Observation C.) Periodic review of exception reports for refunds or deleted transactions were not being conducted. Refunds were made for permits and other fees without documented management review. (See Observation B.) Deposits were not timely and account reconciliations between CityWorks, bank deposits, and Oracle R-12 were not being consistently completed. (See Observation A.) Revenue collections recorded in CityWorks did not agree with amounts recorded in the general ledger.

Leave time tracked internally by the Beer Permit Board did not reconcile to payroll records in the R-12 system. (See Observation E.) Management did not review access levels and exception reports within the CityWorks systems. (See Observation B.)

## AUDIT OBSERVATIONS

Internal control helps 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 – Understatement of Revenue**

Revenue reported in the Oracle R-12 system was \$53,385 lower than amounts reported as collected in CityWorks for the three fiscal years analyzed. Exhibit E shows the comparative revenue analysis for these three years.

#### **Exhibit E: Comparative Revenue Analysis**

| Fiscal Year Ended | Revenue Per CityWorks PLL | Revenue per Financial Report * | Variance  |
|-------------------|---------------------------|--------------------------------|-----------|
| June 30, 2018     | \$ 501,870                | \$ 482,922                     | \$ 18,948 |
| June 30, 2019     | \$ 444,175                | \$ 418,725                     | \$ 25,450 |
| June 30, 2020     | \$ 571,603                | \$ 562,616                     | \$ 8,987  |

Source: Metropolitan Government Cityworks PLL and Oracle R12 Systems

\* June 30, 2020, amount excludes \$3,700 deposited in August (see below)

The Beer Permit Board attributed part of the difference for fiscal year 2020 to a lack of training on how to enter revenue receipts into the new Oracle R-12 system. The Oracle R-12 system was rolled out in September of 2019. Identification of the \$64,000 in unrecorded deposits was made during the audit. The collections were then recorded into the Oracle R-12 system. The reason for the remaining difference of \$53,385 could not be determined due to lack of information.

Additionally, a sample of 66 deposits covering four months found 7 deposited amounts were different from the amounts recorded in CityWorks by a total of \$1,623. An explanation for the differences could not be provided. In August 2020, 8 deposits totaling approximately \$3,700 were found in the Beer Permit Board’s office safe that had not been deposited. Seven of the 8 deposits were for transactions in February and March 2020. The funds were deposited late due to the Covid-19 pandemic according to the Beer Permit Board.

Underreporting of revenue could impact the ability of the Beer Permit Board to perform its functions as a self-sustaining agency. The lack of timely reconciliations between the CityWorks system, bank deposits, and R-12 increase the risk of fraud or errors. The reported actual amounts that are less than budgeted amounts affect future budgets and ultimately the ability to add needed operational resources.

#### *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 Government Revenue Recognition Policy – Finance Dept. Policy #11

#### *Assessed Risk Rating:*

**High**

*Recommendation for management of the Metropolitan Beer Permit Board:*

Ensure daily reconciliations are being conducted, reviewed, and approved between amounts recorded in the CityWorks system, actual bank deposits, and the R-12 system. Ensure any discrepancies are followed up on and resolved in a timely manner.

***Observation B – Lack of Review on Exception Reports***

Management review of exception reports that identify potential erroneous or unauthorized activities are not being conducted. All five full-time administrative staff and the Executive Director have administrative level access within the CityWorks system. Administrative access gives each staff member the ability to re-open cases, change case status, delete cases, waive fees, and issue refunds. Administrative access is reasonable due to the limited number of staff to practice segregation of duties and to ensure fewer interruptions in operations. However, there are no compensating controls. An example of such a control is a periodic review of all deleted cases, waived fees, and issued refunds by the Executive Director to confirm they are necessary and properly authorized. The lack of compensating controls may lead to erroneous or unauthorized activities.

*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.
- *COSO, Control Activities—Principle 11—* The organization selects and develops general control activities over technology to support the achievement of objectives.

*Assessed Risk Rating:*

**High**

*Recommendation for management of the Metropolitan Beer Permit Board:*

Establish periodic reviews of CityWorks exception reports for refunds, deleted cases, and waived fees to ensure they are necessary and authorized. Evidence of reviews should be retained for audits and review by other stakeholders.

***Observation C – Lack of Formal Guidelines for Refunds***

The Beer Permit Board has not established formal guidelines for the proper authorization, approval, and processing of refunds. Refunds are issued for permit fees, privilege taxes, and civil penalties. T.C.A. § 57-5-104(a) explicitly prohibits refunding any portion of the \$250 application fee. No portion of the fee can be refunded to the applicant regardless of whether the application is approved or denied. There were 38 refunded transactions totaling \$8,409 during the scope period. No reviews were documented by management to confirm that these were properly authorized and conformed to applicable laws and regulations. Without guidelines from the board, there is an increased risk of issuing invalid or unauthorized refunds.

*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.
- *COSO, Control Activities—Principle 12—*The organization deploys control activities through policies that establish what is expected and procedures that put policies into action.

- Tennessee Code Annotated § 57-5-104 – Intoxicating Liquors

*Assessed Risk Rating:*

**High**

*Recommendation for management of the Metropolitan Beer Permit Board:*

Establish formal guidelines for the issuance and approval of all refunds. Document management review of refunds. The guidelines should state under what circumstances fees and fines, especially the state mandated \$250 permit application fee, can be refunded. Supporting documentation verifying refund policies are being followed should be retained in accordance with the Metropolitan Clerk’s General Records Schedule and Record Disposition Authorization.

**Observation D – Timeliness of Deposits**

Deposits of cash and check payments were not made timely as specified by Metropolitan Finance Department – Treasury Policy #9. Policy requires all funds collected at agency locations to be deposited in Metropolitan Nashville Government bank accounts within one business day of receipt. The policy also requires all deposits be entered in the Metropolitan Nashville Government’s general ledger within two business days of the deposit into the bank account. A review of 66 deposits totaling \$120,926 showed that 38 deposits (58 percent) totaling \$91,234 were late by at least 1 day. Exhibit F shows the make-up of the 38 late deposits.

**Exhibit F: Late Deposit Summary**

| Days Late     | # of Times Late |
|---------------|-----------------|
| 2 Days        | 9               |
| 1 Day         | 9               |
| 4 Days        | 5               |
| 3 Days        | 5               |
| 6 Days        | 3               |
| 5 Days        | 3               |
| 7 Days        | 1               |
| 12 Days       | 1               |
| 11 Days       | 1               |
| 10 Days       | 1               |
| <b>Totals</b> | <b>38</b>       |

*Source: Office of Internal Audit Deposit Analysis*

An additional 8 deposits totaling approximately \$3,700 were discovered in August 2020 and deposited. Seven of the 8 deposits were for February and March 2020 transactions and were deposited late due to the Covid-19 pandemic according to the Beer Permit Board.

Cash and check receipts are susceptible to the risks of misappropriation, unrecorded receipts, and fraud. The sooner cash and checks can be deposited, the less exposure to theft or loss of funds.

*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.
- Internal Control and Compliance Manuals for Tennessee Municipalities
- Metropolitan Government Cash Deposit Policy – Treasury Policy #9.



*Assessed Risk Rating:*

**Medium**

*Recommendation for management of the Metropolitan Beer Permit Board:*

Ensure cash and check deposits are made within one business day to comply with Metropolitan Finance Department policy.

***Observation E – Leave Time***

A more formal, systematic process for requesting, approving, tracking, and recording leave balances and accruals is needed. The Beer Permit Board is a small office and the management of leave time is informal. Discrepancies exist in leave amounts recorded in internal supporting documentation and amounts reported in processed payroll. Leave time shown in Beer Permit Board supporting documentation was compared to payroll records for three employees. The results showed variances that management was unable to explain. All three employees had variances in their vacation hours, two of the employees had variances in their sick hours, and one employee had a variance in compensatory hours. Some of the employees had more hours recorded by management than were processed in payroll while some had more hours per the payroll records compared to management's records. While the test focused on leave time taken and not accruals, these discrepancies will ultimately affect accrual balances maintained by management. Not maintaining accurate time and attendance records may lead to incorrect accrual balances and payments being made to employees. Metropolitan Nashville, State, and Federal government policies may also be violated leading to negative public image.

*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.
- Internal Control and Compliance Manuals for Tennessee Municipalities.
- Metropolitan Government Civil Service Policy.

*Assessed Risk Rating:*

**Medium**

*Recommendation for management of the Metropolitan Beer Permit Board:*

Develop and maintain an accurate time and attendance record keeping system for leave time. Retain supporting documentation for leave time request, approvals, and accruals. Periodically reconcile employee leave time taken between the payroll records in the Oracle R-12 system and internal records.

## **GOVERNMENT AUDITING STANDARDS COMPLIANCE**

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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**

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

- Reviewed relevant Tennessee Code Annotated, Metropolitan Nashville Government Code of Laws and ordinances, Metropolitan Nashville Government policies, and Beer Permit Board rules and regulations.
- Interviewed administrative staff of the Metropolitan Beer Permit Board.
- Reviewed prior audits performed by the Metropolitan Nashville Office of Internal Audit and by other jurisdictions.
- Reviewed and analyzed financial data to determine compliance with code of laws, Metropolitan Nashville Government policies, and Metropolitan Beer Permit Board rules and regulations.
- Evaluated internal controls currently in place.
- Considered risk of fraud, waste, and abuse and information technology risks.
- Detail-tested sampled fiscal and operational transactions.

## **AUDIT TEAM**

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Innocent Dargbey, CPA, CMFO, CICA, In-Charge Auditor

Bill Walker, CPA, CIA, CFE, Principal Auditor

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

JOHN COOPER  
MAYOR



METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

BEER PERMIT BOARD

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December 22, 2020

Ms. Lauren Riley  
Office of Internal Audit  
Metropolitan Government of Nashville and Davidson County  
PO BOX 196300  
Nashville, Tennessee 37219-6300

Re: Audit of the Metropolitan Beer Permit Board

Dear Ms. Riley,

This letter acknowledges the Beer Permit Board's receipt of the report for the above referenced project. We have reviewed your observations and recommendations and actions will be taken as indicated in the Management Response.

We appreciate the thoroughness and methodology used in the audit and look forward to completing the implementation of your recommendations.

Sincerely,

*R. Benton McDonough*

R. Benton McDonough  
Executive Director

## APPENDIX A – MANAGEMENT RESPONSE AND ACTION PLAN

We believe that operational management is in a unique position to understand best 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.

| Risk   | Recommendation  | Concurrence and Action Plan   | Expected Completion Date |
|--|---|---|--------------------------|
| <b>Recommendations for management of the Metropolitan Beer Permit Board:</b> |   |   |                          |
| H  | <b>A.1:</b> Ensure daily reconciliations are being conducted, reviewed, and approved between amounts recorded in the CityWorks system, actual bank deposits, and the R-12 system. Ensure any discrepancies are followed up on and resolved in a timely manner.  | <b>Accept</b> – The Executive Director now works with a staff member who was trained in using R-12 to make sure all deposits are reviewed and reconciled daily. A note of any discrepancies is addressed. Unfortunately, a lack of training made it difficult to record the deposits in the new system; however, our office manager has since been trained and is now recording deposits as required. | November 13, 2020        |
| H  | <b>B.1:</b> Establish periodic review of CityWorks exception reports for refunds, deleted cases, and waived fees to ensure they are necessary and authorized. Evidence of reviews should be retained for audits and review by other stakeholders.   | <b>Accept</b> - Executive Director now compares exception reports monthly for refunds, deleted cases, waived fees to ensure they are necessary and authorized.  | November 13, 2020        |
| H  | <b>C.1:</b> Establish formal guidelines for the issuance and approval of all refunds. The guidelines should state under what circumstances fees and fines, especially the state mandated \$250 permit application fee, can be refunded. Supporting documentation verifying refund policies are being followed should be retained in accordance with the Metropolitan Clerk’s General Records Schedule and Record Disposition Authorization. | <b>Accept</b> – The Executive Director now reviews all revenue daily and documents any refunds or discrepancies. Documentation is kept as well.   | November 13, 2020        |
| M  | <b>D.1:</b> Ensure cash and check deposits are made within one business day to comply with Metropolitan Finance Department policy.  | <b>Accept</b> - Executive Director now makes deposits instead of relying upon inspectors whose time in the office is limited.   | November 13, 2020        |

## APPENDIX A – MANAGEMENT RESPONSE AND ACTION PLAN

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|   |   |  |                   |
|---|---|--|-------------------|
| M | <p><b>E.1:</b> Develop and maintain an accurate time and attendance record keeping system for leave time. Retain supporting documentation for leave time request, approvals, and accruals. Periodically reconcile employee leave time taken between the payroll records in the Oracle R-12 system and internal records.</p> | <p><b>Accept</b> – After reviewing the audit information, Executive Director found that he had failed to include a limited number of payroll dates which led to a discrepancy during the audit. While the Executive Director currently retains supporting documentation for leave time requests, approvals, and accruals, he will now periodically reconcile leave and provide staff with updated leave totals instead of relying on the data from R-12.</p> | December 11, 2020 |
|---|---|--|-------------------|

## 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. Items deemed “Low Risk” will be considered “Emerging Issues” in the final report and do not require a management response and corrective action plan.

| Rating                          | Financial  | Internal Controls   | Compliance  | Public  |
|---------------------------------|--|---|---|---|
| <b>HIGH</b>                     | Large financial impact<br>>\$25,000<br><br>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 |
| <b>MEDIUM</b>                   | Moderate financial impact<br>\$25,000 to \$10,000  | Partial controls<br><br>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    |
| <b>LOW/<br/>Emerging Issues</b> | Low financial impact<br><\$10,000  | Internal controls in place but not consistently efficient or effective<br><br>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  |
| <b>Efficiency Opportunity</b>   | An efficiency opportunity is where controls are functioning as intended; however, a modification would make the process more efficient |   |   |   |