



**METROPOLITAN GOVERNMENT OF NASHVILLE  
AND DAVIDSON COUNTY**

Letter of Recommendations to Management

June 30, 2006



**KPMG LLP**  
1900 Nashville City Center  
511 Union Street  
Nashville, TN 37219-1735

October 31, 2006

The Honorable Mayor and Members of Council  
The Metropolitan Government of Nashville and Davidson County  
Nashville, Tennessee

Ladies and Gentlemen:

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Metropolitan Government of Nashville and Davidson County, Tennessee (the Government) as of and for the year ended June 30, 2006, which collectively comprise the Government's basic financial statements and have issued our report thereon dated October 31, 2006. We also have audited the financial statements of each of the discretely presented component units of the Government, as of and for the year ended June 30, 2006, as displayed in the Government's basic financial statements, except as described below. We also have audited the financial statements of each of the Government's nonmajor governmental, nonmajor enterprise, internal service, and fiduciary funds, as well as the financial statements of the Sports Authority Fund as of and for the year ended June 30, 2006. We did not audit the financial statements of the following Component Units: the Nashville District Management Corporation, the Metropolitan Development and Housing Agency, the Electric Power Board, the Metropolitan Transit Authority, the Metropolitan Nashville Airport Authority, the Emergency Communications District, and the Industrial Development Board.

In planning and performing our audit of the aforementioned financial statements, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Government's internal control over financial reporting. Accordingly, we express no such opinion. We have not considered internal control since the date of our report.

During our audit we noted certain matters involving internal control and other operational matters that are presented for your consideration. These comments and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve internal control or result in other operating efficiencies and are summarized in Appendix I.



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Our audit procedures are designed primarily to enable us to form an opinion on the financial statements, and therefore may not bring to light all weaknesses in policies or procedures that may exist. We aim, however, to use our knowledge of the Government gained during our work to make comments and suggestions that we hope will be useful to you.

We would be pleased to discuss these comments and recommendations with you at any time.

This report is intended solely for the information and use of the audit committee, management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*KPMG LLP*



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**RECOMMENDATIONS**  
**GENERAL GOVERNMENT**  
**USE OF ACTUARIAL REPORT**

**Observation**

For the past several years, the Government has retained the services of a consulting actuary to review the experience for the Government's self-insured property and casualty exposure. This annual study results in an estimate of liability that the Government uses to consider the adequacy of its funding position. For recording purposes, however, the Government continues to utilize estimates provided by the Legal Department which are analyzed frequently on a claim by claim basis. The current year estimates provided by the Legal Department proved to be materially close to the estimates provided by the consulting actuary in total, however reclassification entries were needed between reporting units to ensure reserves were adequately stated for each individual reporting unit. The Government should be considering and relying upon the results of the actuarial analysis in establishing its recorded liabilities in order to ensure completeness and consistency of the recorded liabilities.

**Recommendation**

In conjunction with the year-end closing process, KPMG recommends that the Government perform a detailed analysis of the recommended reserve per the externally provided actuarial report to the actual amount recorded in the general ledger per the internally produced Government analysis. In order to perform sufficient and timely analysis, the Government should request the finalized actuarial report for FY 2007 be obtained prior to September 15, 2007. Any significant differences between the actuarial report balances and general ledger should be addressed to ensure that recorded reserves appropriately consider expected development on existing claims and cases.

**Management Response**

We concur. The Finance Department and Legal Department will work together to implement this recommendation by June 30, 2007.



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**GENERAL GOVERNMENT  
ACTUARIAL INFORMATION FOR INJURED ON DUTY (IOD) CLAIMS PAYABLE**

**Observation**

During fiscal 2006, the Government retained the services of a consulting actuary to review the experience for the Government's self-insured injured on duty (IOD) exposure. This study resulted in an estimate of liability that the Government used to consider the adequacy of its funding position. Due to the limitation on the claims data available from the Government's claims processor, a complete actuarial review of the IOD exposure was not able to be performed by KPMG.

**Recommendation**

KPMG recommends that the Government obtain and perform a detailed analysis on the externally provided information. In order to perform a complete actuarial review, the Government should build claims loss "triangles" based on actual claim lag and enrollment data by month for at least the previous two years. In order to perform sufficient and timely analysis, the Government should request the finalized actuarial report for FY 2007 be obtained prior to September 15, 2007. Any significant differences between the actuarial report balances and general ledger should be addressed to ensure that recorded reserves appropriately consider expected development on existing claims.

**Management Response**

We concur. Since this fund was established during the 2004-2005 fiscal year, two full years of data was not available at June 30, 2006. We agree that this recommendation should be implemented during the 2006-2007 fiscal year, and the Finance Department and Legal Department will work together toward that end.



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## **GENERAL GOVERNMENT PHYSICAL INVENTORY COUNTS**

### **Observation**

KPMG noted instances at both the Central Government and Metropolitan Nashville Public Schools (MNPS) where physical inventory counts were not conducted during the current fiscal year. Specifically the Government's Fleet Management division was not counted and the MNPS Central Storeroom could not show documentation on cycle counts that were performed during the fiscal year.

### **Recommendation**

KPMG recommends that the Government review its current procedures in this area and incorporate a higher level of physical verification at departments in order to accurately reflect inventory values. Due to the continued high level of activity in both areas mentioned above, KPMG recommends for Government's Fleet Management division that a complete physical inventory count be conducted on June 30, 2007 and the results of the count be reflected in the general ledger in conjunction with the fiscal 2007 closing process. KPMG recommends for MNPS Central Storeroom that adequate documentation be retained by MNPS to verify that regular cycle counting procedures are taking place and prove that a full count of inventory has occurred by year end.

### **Management Response**

Office of Fleet Management (OFM):

We concur. Early in fiscal year 2006, the Government went live on an upgraded central accounting system, which includes an integrated inventory system. After a lengthy planning and implementation process, OFM's parts inventory was uploaded in June of 2006. Due to the workload involving this implementation, as well as the physical relocation of OFM's parts and service shops, a physical count of the parts inventory was not performed at June 30, 2006. However, the Government will conduct a full physical count sometime during the 2006-2007 fiscal year, then begin performing routine cycle counts. The general ledger will be adjusted as needed for any overages or shortages.

MNPS:

We concur. MNPS Central Storeroom regularly performs cycle counts of the inventory. The cycle is set so that a complete count of all items occurs regularly within each fiscal year. It was discovered that the department was only retaining the previous count sheet which only covered a portion of the inventory. Management has informed the department that it should retain count sheets for two years from the date of the cycle count.



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## **GENERAL GOVERNMENT DOCUMENTATION OF EMPLOYEE PAYROLL DEDUCTIONS**

### **Observation**

KPMG noted several instances at both Metro Central Government and Metropolitan Nashville Public Schools where supporting documentation for current year payroll deductions on employee paychecks was not located in the respective personnel file and were unable to be located by Metro personnel.

### **Recommendation**

KPMG recommends that employee information in the payroll system mirror the information contained in the employee personnel files. Payroll and Human Resources should maintain copies of all deduction election forms in employee personnel files or have electronic access to them. In addition, employee information should be reviewed by management on a periodic basis for accuracy and completeness. In instances where it is discovered that relevant forms are missing, employees should be asked to complete missing forms to ensure completeness of personnel files.

### **Management Response**

We concur. Each payroll deduction is reported on employees' payroll advices and distributed each pay period, and any deductions not authorized by an employee would be reported to the payroll office and corrected immediately. We agree with this recommendation, and are in the process of implementing a document imaging system in order to facilitate record keeping. When it is discovered that employee authorization forms are missing, employees are contacted and asked to complete replacement forms.



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**GENERAL GOVERNMENT  
INFORMATION SYSTEMS  
POWERFUL ACCESS, VENDOR PASSWORD, AND DATA BACKUPS**

**Observation**

KPMG noted that IT personnel with Administration level access within the AssessPro application perform business functions. KPMG also noted that the Patriot AssessPro login password has not been changed for six years. The Patriot AssessPro login has Administration level access within the system.

KPMG noted that backups for the AssessPro and TaxMan application and database servers consistently did not complete successfully. KPMG also noted that periodic testing of backup tapes is not being performed.

**Recommendation**

KPMG recommends that management clearly segregate the duties between the business and IT functions. If the responsibilities cannot be segregated, detective controls should be put into place.

KPMG recommends that the Patriot AssessPro password be changed on a regular basis and after notification from Patriot of terminated Patriot support personnel.

KPMG recommends that management keep detailed logs of when backups are successful or fail. If a backup fails, system administrators should note why the backup failed and additional procedures should be performed to correct the failure. KPMG also recommends that management begin periodic testing of backup tapes to help ensure recoverability of data.

**Management's Response**

We concur. When KPMG's testwork was performed, the servers that support the AccessPro and Taxman applications and databases were being backed up using BackupExec software which had very basic reporting and management capabilities.

These servers are now being backed up using Netbackup software and the shared tape library. Netbackup software has better reporting and management, and is also proved to be more reliable. Failed backups are also rerun in a more timely manner due to the availability of the tape library versus the standalone tape drives.

As we do not have the capability to run test restore jobs at this time, we will be proposing a new backup strategy with the implementation of Phase II of the Netbackup migration, beginning in the first quarter of 2007.





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## **GENERAL GOVERNMENT INFORMATION SYSTEMS REMOTE VENDOR ACCESS**

### **Observation**

KPMG noted that monitoring of vendor activities for the AssessPro, TaxMan, and Metro Water HTE systems does not occur. Each of these vendors has access to log into the respective applications and make configuration changes.

### **Recommendation**

KPMG recommends that management implement processes and controls to monitor remote vendor logins and activity within applications. Where possible, management should limit the level of access provided to vendors (e.g., administrator or DBA level access).

### **Management's Response**

We concur. We are still in the process of developing and testing processes that would improve these systems. There are times that the vendor needs access to the test databases on a regular basis and we need for them to have such access. The production database is locked down by ITS, all changes to the production database go thru the DBA assigned to the Trustee and all changes are run in the evening after business hours.



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## **GENERAL GOVERNMENT PENSION CALCULATION (VBCALC CHANGES) CHANGE MANAGEMENT**

### **Observation**

KPMG noted that testing and approval documentation for updates or changes to the VBCalc application are not kept on file in the Benefits Department.

KPMG noted that a number of ITS personnel have access to the VBCalc shared folder. KPMG also learned that historical payroll and pension data has been loaded to the shared folder and additional historical data will be loaded in the future.

### **Recommendation**

KPMG recommends that management maintain testing and approval documentation for updates or changes to the VBCalc application within the Benefits Department. While management has asserted that testing is performed, evidence was not available to corroborate the statements. Management has indicated that they are currently implementing a process to document approval and testing of changes. This new process will also include the VBCalc vendor, Bryan Pendleton Swats & McAllister, LLC.

KPMG recommends that management remove IT access to the VBCalc shared folder. While the IT personnel do have system administration responsibilities, these responsibilities do not require access to this shared folder. The risk is present that highly knowledgeable IT personnel could modify the VBCalc program or data.

### **Management's Response**

We concur. Human Resources has put processes in place to keep testing and approval documentation for updates or changes to the VBCalc application within the Benefits Department. The process includes receiving a request to make a change from BPSM, the request is then forwarded to the Manager over Benefits for approval/signature. Once this has taken place, the information is sent back to BPSM to make the necessary changes. Once the changes are complete, BPSM signs off and sends Human Resources notice. Human Resources then test the information (anywhere from 10-20 files) to ensure things are working accurately and properly. Hard copies of the documentation (request, approval, etc.) are kept on file so that any changes to the system are readily accessible if questions and/or concerns are raised.

Human Resources has spoken with IT regarding their access to the VBCalc folder. IT has removed access from their employees except the system administrator over our (HR) server. IT contends that because of their responsibility over Human Resources' server that they must have someone who maintains access in case of lost files, system outages, etc. Human Resources receives program updates from the Vendor on a regular basis. The vendor notifies Human Resources that the program updates are ready and Human Resources accesses the Vendor's shared site and downloads the updates to the Human Resources server that houses the VBCalc application. The VBCalc application requires an application user name and password to access the application. No one from IT has an account set up in the VBCalc application. Therefore, because Human Resources' information resides on the IT servers and they maintain this equipment, Human Resources has done all that we can do to ensure this information is secure.



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**GENERAL GOVERNMENT  
GENERAL SERVICES INTERNAL SERVICE FUND DEFICIT**

**Observation**

KPMG noted that the General Services Internal Service fund, which was established as a separate internal service fund in 2005, had an approximate deficit of \$2.7 million as of June 30, 2006. For the year ended June 30, 2006, this fund incurred a loss of approximately \$1.3 million (before transfers) which is improved from the fiscal 2005 loss of approximately \$1.5 million (before transfers). As an internal service fund, the General Services fund should be a self sufficient fund supported by allocations charged to all government funds which utilize their services.

**Recommendation**

KPMG recommends that the Government institute a charge rate structure which will eliminate the fund's current operating deficit, as well as provide additional funding to eliminate the current deficit in the General Services Internal Service fund.

**Management's Response**

We concur. This fund's deficit will be addressed during the fiscal year 2007-2008 budget process.



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## **ENTERPRISE BUSINESS SOLUTIONS (EBS) CHANGE MANAGEMENT AND DATA PROCESSING**

### **Observation**

KPMG noted the following items related to the change management process within EBS. Details for testing and approval of internally and externally developed changes are not consistently tracked within the TRIS ticket system. Additionally, developers have access to promote code to the EBS production environment and periodic management reviews of developer access do not take place.

KPMG noted that EBS processing jobs are not monitored for success or failure. We noted that a number of jobs failed for weeks and went unnoticed.

### **Recommendation**

KPMG recommends that all changes, whether the changes are internally or externally developed or are configuration changes, should flow through the TRIS ticket system. Each change should include management approval and end-user sign-off of testing, which should be reflected in the TRIS log.

KPMG also recommends that developers not have the ability to move code into the EBS production environment. Through inquiry with EBS personnel, KPMG learned that the EBS department is currently looking to hire an additional developer, but the department does not have the staff to segregate completely these duties. If the responsibilities cannot be segregated, detective controls should be put into place.

KPMG recommends that personnel monitor the success or failure of the daily EBS jobs. This monitoring should be documented in a daily operations log (i.e., spreadsheet, paper log, etc.).

### **Management's Response**

We concur. We have just completed a TRIS manual which includes the above recommendation in it. Additionally, we are in the process of completing a clean-up of older TRIS items to ensure they are in the proper status and all testing is documented as appropriate. A new form to document OCM (object configuration mapping) changes has been requested to be added to TRIS by development in the near future.

Promotion of code from DEV to CRP to PRD is the job of the Development Manager or their backup and the actual building and deployment of this code is completed by WTS. With a staff of two for development, it is not possible to fully segregate the development and promotion processes as the promotion process is not a full-time activity. We will determine what detective controls can be put in place to mitigate the risk.

Scheduler jobs run under the authority of various users that monitor, review and print (as necessary) these reports on a regular basis. It is those users' responsibility to monitor the successful completion of these scheduled jobs. It is not feasible, nor is there sufficient bandwidth, for the EBS Application Administrator to track this activity with a daily operations log.



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## **METROPOLITAN NASHVILLE PUBLIC SCHOOLS YEAR-END CLOSING PROCESS**

### **Observation**

KPMG noted instances which indicate the continued need to strengthen the year-end closing process.

KPMG noted there is a lack of a coordinated ownership in relation to the Insurance Trust fund financial information. While the Benefits Department compiles monthly financial statements, they do not use the general ledger to record transactions at initiation, and the related underlying data is not compiled in a timely manner. The Accounting Department records general ledger activity based primarily on cash activity. Due to a lack of coordination between the Benefits and Accounting Departments, the result is that neither department demonstrates an appropriate level of ownership of the financial reporting for Insurance Trust results.

In addition, recurring revenue and expense accounts should be reviewed to ensure recording of the full twelve months of activity. Recurring accruals should also be reviewed to ensure they have been booked based on actual amounts earned and incurred during the fiscal year.

### **Recommendation**

KPMG recommends that the level of interaction between the Benefits Department and Accounting should be heightened to ensure accurate and timely posting to the general ledger, as well as review of the underlying data and reconciliation to the ledger. Metropolitan Nashville Public Schools is currently in the process of transitioning the preparation of the Insurance Trust fund financial statements from the Benefits department to Accounting. This is a move in the right direction and KPMG strongly encourages management to follow-through with timely implementation of this plan.

The year-end closing process should include a more detailed review of financial reports (Crystal reports) for reasonableness based on history or current year expectations. We suggest management implement a process of comparing amounts to budget and to prior years to better identify any possible adjustments necessary in the year-end closing process. We also encourage management to add any late or adjusting entries from each year's closing and audit process to the year-end checklist to assist in the prompt posting of entries in future years.

### **Management Response**

We concur. The transition of the preparation of the financial statements for the Insurance Trust fund from the Benefits department to Accounting has been completed. A process has been established to ensure accurate and timely posting to the general ledger for the Insurance Trust fund. Management will revise its' year-end checklist to be a more comprehensive list for the year end closing. Management will also incorporate into the year end process, steps to compare amounts to budget and to prior years financial statements to better identify any possible adjustments.



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## **DEPARTMENT OF WATER AND SEWERAGE SERVICES CHANGE MANAGEMENT PROCEDURES**

### **Observation**

KPMG noted the Department currently does not document or retain the prepared documentation on change management procedures. Documentation is not prepared for the process of vendors (HTE) moving changes into production and approvals to move internally developed add-on programs into production. While the testing of internally developed add-on programs and HTE fixes is documented, the documentation is not retained.

Developers who are also the system administrators have the ability to move code into production. Periodic management reviews of developer access do not take place.

### **Recommendation**

KPMG recommends that all changes, both internally and externally developed, should be documented, approved, and have end-user testing sign-offs before being moved into production. Additionally, management should clearly segregate the responsibilities of system administration and development activities. Personnel who are responsible for development activities should have read-only access to the production environment. If the responsibilities cannot be segregated, detective controls should be put into place.

Management should periodically review developer access to help ensure that developers do not gain access to the production environment. These periodic reviews should be documented.

### **Management Response**

We concur and note the following:

Document Changes - We agree that documentation of internally and externally developed changes to HTE needs to be retained. Documentation of changes will be stored in a folder set up on the MWS network and will include the System Change Request form, documentation of changes made, the person responsible for those changes, and end-user testing sign-off documentation.

Segregate System Administration and Application Development – As noted in the KPMG recommendation, MWS does not have staff to segregate System Administration from Application Development. MWS has three employees capable of performing System Administration tasks. This is the minimum to provide adequate coverage of the system. All of these employees also need to be able to perform application development tasks in order to support the system. We will explore this issue with ITS to see if they can recommend changes and/or oversight.



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**TRUSTEE'S OFFICE  
USE OF MANATRON SYSTEM TO GENERATE NEEDED REPORTS**

**Observation**

During fiscal 2006, the Trustee's Office implemented a new system (Manatron) to record the receipt of tax payments. As this is a new application, the Trustee's Office had difficulty generating specific reports requested by the Central Government and KPMG for reporting and audit purposes.

**Recommendation**

KPMG recommends that personnel within the Trustee's Office expand their knowledge regarding the report generation functions of Manatron. As property tax collections are the most significant piece of the Government's revenue, accurate report generation and reporting capabilities are critical.

**Management Response**

We concur. Since our conversation with KPMG personnel, most of these issues have been resolved. We are still in the development and testing stage of the financial interface between the EBS System and Trustee's Tax Collection System.



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## **BORDEAUX LONG TERM CARE PROGRAM CHANGE PROCESS**

### **Observation**

KPMG noted that a formal program change process for the Keane RAM application is not in place. Due to a lack of a formal change process, the some controls are also not present. Changes to the application are not formally approved and are not tested prior to implementation into the production environment. Also, IT personnel who perform changes to the application also have access to perform business functions within the application. Configuration changes are not formally approved and tested prior to implementation into the production environment.

### **Recommendation**

KPMG recommends that management develop and document a formal change management process for the Keane RAM application. While actual code and development activities are not being performed on the Keane RAM system, vendor supplied patches are applied directly to the production environment.

A formal change management process should include procedures to have business function management approve program and configuration changes as well as sign-off on the testing of program and configuration changes. If the responsibilities cannot be segregated, detective controls should be implemented

### **Management's Response**

We concur. Change control and change management are good tools. The only documentation on patches / system updates for RAM come from Keane. For RAM change control / change management, when Keane updates or sends out a patch, the documentation for these changes will be sent to the ARM Department Manager for approval. Once updates or changes are approved, signed by the ARM Department Manager, and sent to IT, the updates or patches will be applied. Since we do not have a test environment for testing, there will be no formal testing of updates or patches. Consideration for a test environment will be reviewed in the fiscal year 2008 budget.





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**BORDEAUX LONG TERM CARE  
OFF-SITE BACKUP TAPE STORAGE**

**Observation**

KPMG noted that non-IT personnel have access to the safe where the backup tapes are stored and this safe is not fireproof.

**Recommendation**

KPMG recommends that management restrict access to the off-site backup tapes to IT personnel only. The safe that holds the backup tapes off-site should also be fireproof.

**Management's Response**

We concur. Backup media will be put in an off-site fireproof safe that only IT staff will be able to access.



## **METRO NASHVILLE GENERAL HOSPITAL AFFINITY SYSTEM CHANGE MANAGEMENT**

### **Observation**

KPMG noted multiple items related to the Affinity Change Management Process. The change management processes and procedures have not been documented and the informal process that is in place is not routinely followed. In addition, changes, including changes to the configuration of the Affinity application, do not require approval prior to being moved into production. Testing of changes in the test environment is not documented or the documentation is not retained.

There is not a distinct delineation between business function users and IT Department users, both of which can move changes into production. This means the same users who are also responsible for administering the Affinity application, also move changes into production. Access reviews of which users can move changes into production are not performed on a periodic basis.

### **Recommendation**

KPMG recommends making changes to the areas outlined here. Management should formally document the Affinity change management process to help ensure proper steps are taken to document, test, and approve changes prior to the changes being moved into production. Management should also approve all Affinity changes prior to the changes being moved into production. While some changes are tested in the test environment, the test results are not retained. Therefore, management should begin to retain these test results for periodic review. Changes made to the configuration of Affinity and how Affinity processes transactions should be approved prior to being implemented in production. In addition, management should clearly define the roles of business users and IT Department personnel to prevent a breakdown in segregation of duties. Management should perform periodic access reviews of users who can mitigate changes into the production environment.

### **Management's Response**

We concur. In response to the items above, we will review our current policy for any changes that are needed to simplify the processes of documentation, testing and approval of changes made to Affinity to assure that these steps are followed appropriately (estimated for completion by 12/31/06). We will establish a change management committee to formalize the process of change control, put the needed processes and procedures in place, and establish controls (to be accomplished during the 2007 fiscal year). Our testing procedures will be changed to require electronic copies of test data and we will create directories to retain electronic copies of test data so that it is available to the change management committee for review (files will be retained for a required period of 5 years). We will include all configuration changes made to Affinity in the Change Management Policy. While we are creating new user group menus, we will define the roles associated with each group and define system privileges consistent with their duties (anticipated to be resolved during the 2007 fiscal year). The change management committee will determine what changes are to be monitored (e.g. parameter, profile, table changes, dictionary changes, software changes). Once that determination is made then the changes can be made within Affinity to record and monitor these activities. Disk space to accommodate this will need to be evaluated to determine if we have sufficient space on the server before implementing these features. If not, more disk space will need to be purchased. We anticipate completion during the 2007 fiscal year.



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## **METRO NASHVILLE GENERAL HOSPITAL VALUATION OF ACCOUNTS RECEIVABLE**

### **Observation**

KPMG noted Metro Nashville General Hospital (MNGH) has an established methodology for analyzing and adjusting the estimates related to the valuation of accounts receivable. The review of the methodology and subsequent payment histories identified several adjusting entries related to the valuation of accounts receivable

### **Recommendation**

KPMG recommends that management continuously review and monitor the appropriateness of the assumptions utilized in the established methodology for any changing facts, circumstances or payment histories. As part of this review, we suggest that management utilize subsequent payment histories to monitor the accuracy of the estimated allowances and identify any changes in payment patterns for payors.

### **Management's Response**

We concur. MNGH does continuously monitor its collectibility of accounts receivable as evidenced in additional reserves booked during the fiscal year. In addition, we make allowances for accounts receivable by utilizing an industry standard procedure of rolling averages. This is based upon payment history broken down by payer type.



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## **METRO NASHVILLE GENERAL HOSPITAL AFFINITY SYSTEM ACCESS**

### **Observation**

KPMG noted that certain user access within Affinity is shared between employees and is not properly terminated for past employees. Metro Nashville General Hospital Information Technology (IT) Department personnel share the Affinity MASTER user ID, and 13 employees reported to the IT Department as terminated, still have active Affinity user accounts. In addition, business function personnel have system administration capabilities within Affinity, and IT Department personnel perform business related functions within Affinity.

### **Recommendation**

KPMG recommends that Management either fully disable or delete user accounts associated with terminated employees and users should not share IDs, including system administration user IDs. In addition, KPMG recommends that business functions users be restricted to prevent system administration activities and IT personnel should not be allowed to perform business functions on a day-to-day basis.

### **Management's Response**

We concur. We do have a policy that alerts us when employees are terminated by HR. We have corrected the flaw in that process that allowed these deficiencies to occur.

We have submitted a ticket to Quadramed to see if the MASTER logon can be changed and duplicated. We will change the password on the current logon and create each user that needs access a unique master logon (if possible). We anticipate that this will be resolved by 11/01/06.

We will define roles and assign the appropriate capabilities to users. Any roles that are granted sensitive capabilities and any person given that role will require prior approval from senior finance management. We will complete this by 12/31/06.



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## **METRO NASHVILLE GENERAL HOSPITAL VENDOR ACCESS**

### **Observation**

KPMG noted the Affinity vendor, QuadraMed, can login to the Affinity UNIX server as root. The vendor's activities are logged, but the logs are not reviewed. QuadraMed also has the capability to log into Affinity as the MASTER user. KPMG also noted that QuadraMed does not have a Type II SAS 70 Report to document its controls over entering customers' systems.

### **Recommendation**

KPMG recommends that management remove QuadraMed's root access to the UNIX server. While access to the MASTER account in Affinity may be needed for support, KPMG recommends that management begin logging all UNIX and Affinity level activities and periodically reviewing these logs.

### **Management's Response**

We concur. Affinity is now on a Windows 2003 Server Standard version. QuadraMed's access is restricted to the Affinity server. They cannot access any other server or desktop. Their logon password does not expire but can be set to do so. Activity can be tracked by an event log but that feature is not active at this time. If we turn this on the event log will have to be restricted from the ability to remove logged events from it. Using this feature will allow us to know when they log in and log off the server. Affinity GUI could track activities by the user access logon within Affinity. All of these features use extensive disk space and will have to be evaluated to make sure we have ample disk space on the server before implementing these features. If not more disk space will need to be purchased. A group will be established and assigned this task. This item will be completed by 12/31/06.

Our vendor agreements do not require our vendors to participate in Type II SAS 70 and most state that they do not because of the expense of doing so.