

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
AUDIT COMMITTEE MEETING MINUTES
April 13, 2021

On Tuesday, April 13, 2021, at 4:00 p.m., the Metropolitan Nashville Audit Committee met via a WebEx video meeting due to the COVID-19 pandemic. The following people attended the meeting:

Committee Members

Brackney Reed, Chamber of Commerce
Tom Bates, Tennessee Society of CPAs
Zulfat Suara, Council Member
Thom Druffel, Council Member
Kevin Crumbo, Director of Finance
Jim Shulman, Vice-Mayor

Others

Lauren Riley, Metropolitan Auditor
Theresa Costonis, Department of Law
Tara Ladd, Department of Law
Dell Crosslin, Crosslin
John Crosslin, Crosslin
Jennifer Manternach, Crosslin
John Crosslin, Crosslin
Katie Farris, Crosslin
Phil Carr, Chief Accountant
Lonnell Mathews, Juvenile Court Clerk
Stephen Martini, DEC
Scott Potter, MWS
Amanda Deaton-Moyer, MWS
Shannon Frye, MWS
Mary Cole, Office of Internal Audit
Nan Wen, Office of Internal Audit
Seth Hatfield, Office of Internal Audit
Bill Walker, Office of Internal Audit

Quorum present? Yes

CALL MEETING TO ORDER

Mr. Reed called the meeting to order. A **roll call** was conducted by Ms. Riley. The following members were in attendance:

- Brackney Reed
- Tom Bates
- Jim Shulman
- Thom Druffel
- Kevin Crumbo

A **motion** to conduct the meeting using a WebEx video format because it was necessary to protect the safety and welfare of Tennesseans due to the COVID-19 pandemic and to conform to Governor Bill Lee's Executive Order Number 60 was made, seconded and carried.

Specifically, a roll call was conducted with the following votes:

- Brackney Reed - Yes
- Tom Bates - Yes
- Jim Shulman - Yes
- Thom Druffel - Yes
- Kevin Crumbo - Yes

APPROVAL OF MINUTES

Mr. Reed inquired about acceptance or changes to the draft for the February 9, 2021, Audit Committee meeting minutes. A **motion** to approve the presented February 9, 2021, Metropolitan Nashville Audit Committee meeting minutes was made and seconded. A roll call was conducted with the following votes:

- Brackney Reed - Yes
- Tom Bates - Yes
- Jim Shulman - Yes
- Thom Druffel - Yes
- Kevin Crumbo - Yes

The motion carried.

Annual election of Metropolitan Audit Committee Chairman and Vice Chairman

A **motion** to name Mr. Reed as the Metropolitan Audit Committee Chairman for the year was made and seconded. A roll call was conducted with the following votes:

- Brackney Reed - Abstained
- Tom Bates - Yes
- Jim Shulman - Yes
- Thom Druffel - Yes
- Kevin Crumbo – Yes

The motion carried.

A **motion** to name Mr. Bates as the Metropolitan Audit Committee Vice Chairman for the year was made and seconded. A roll call was conducted with the following votes:

- Brackney Reed - Yes
- Tom Bates - Abstained
- Jim Shulman - Yes
- Thom Druffel - Yes
- Kevin Crumbo – Yes

The motion carried.

Councilmember Suara joined the meeting at 4:10pm.

NEW BUSINESS

Presentation of the Metropolitan Nashville Government Fiscal Year 2020 Schedule of Expenditures of Federal and State Awards and Reports Required by the Single Audit Act as Amended and the Uniform Guidance.

Ms. Manternach gave an overview and summary of report regarding the Metropolitan Nashville Government Fiscal Year 2020 Schedule of Expenditures of Federal and State Awards and Reports Required by the Single Audit Act as Amended and the Uniform Guidance.

Councilmember Druffel inquired about the finding related to two MNPS terminated employees continuing to be paid after their termination dates. Councilmember Druffel asked if the payments had been returned by the employees. Ms. Manternach advised to her knowledge the payments had not been returned. Mr. J. Crosslin advised the continued payments were not for the entire year but were caught within a couple of months after the employees left MNPS.

Councilmember Druffel inquired if the issue was investigated in more depth once the exceptions were discovered. Mr. J. Crosslin advised they worked with MNPS extensively attempting to ascertain the exact number of employees where this situation occurred. The final determination was immaterial to the financial statements. The finding was significant enough to merit material changes to internal processes. Mr. J. Crosslin stated MNPS appeared to have taken the recommendation seriously and had started to take corrective action. Councilmember Druffel voiced concern over the significance of the finding and asked Ms. Riley if the Office of Internal Audit typically followed up on these findings. Ms. Riley advised historically no but that the office could start.

Councilmember Suara also voiced concern over the MNPS finding as well as issues surrounding cash and reconciliations. Councilmember Suara inquired if Human Resources was involved in the terminated employees being improperly paid. Ms. Manternach advised terminations originate at the department level and are communicated to central MNPS Human Resources. The root cause of the issue was departments failing to communicate to central MNPS Human Resources. MNPS has already begun to implement controls to ensure this recommendation is resolved.

A **motion** to accept the Metropolitan Nashville Government Fiscal Year 2020 Schedule of Expenditures of Federal and State Awards and Reports Required by the Single Audit Act as Amended and the Uniform Guidance was made and seconded. A roll call was conducted with the following votes:

- Brackney Reed - Yes
- Tom Bates – Yes
- Zulfat Suara - Yes
- Jim Shulman - Yes
- Thom Druffel - Yes
- Kevin Crumbo – Yes

The motion carried.

Presentation of the Metropolitan Nashville Government Fiscal Year 2020 Letter of Recommendations to Management.

Mr. J. Crosslin advised there were no Management Letter comments that were classified as a material weakness or significant deficiency. There were comments that could strengthen the control environment. Ms. Farris provided a summary of the comments made in the Management Letter.

A **motion** to accept the Metropolitan Nashville Government Fiscal Year 2020 Letter of Recommendations to Management was made and seconded. A roll call was conducted with the following votes:

- Brackney Reed - Yes
- Tom Bates – Yes
- Zulfat Suara - Yes

- Jim Shulman - Yes
- Thom Druffel - Yes
- Kevin Crumbo – Yes

The motion carried.

Discussion on the Audit of Metropolitan Water Services Water and Sewer Billing Process issued March 2, 2021.

Ms. Riley summarized the scope, observations, and recommendations of the report. Councilmember Druffel noted concerns from his district related to the increased billing. Councilmember Druffel inquired if he could obtain a report regarding the number of citizens whose water bills increased and by what percent. Mr. Potter advised Metro Water and Sewer could provide a report with that information. Councilmember Druffel praised Metro Water Services for always being responsive to his requests and providing good customer service. Councilmember Druffel suggested notifying citizens about the percentage rate increase per the tier system when future rate increases occur. Mr. Potter agreed.

Councilmember Suara inquired about the decrease in the customer base at a time that Nashville was growing. Mr. Potter advised that they could get a report to her showing the decrease in population base.

Councilmember Suara inquired about the integrity of the billing system given Crosslin's comments regarding updating cash receipts to the general ledger. Ms. Deaton-Moyer advised the billing system was up to date. The billing system and general ledger are separate systems for internal controls purposes. Updating the general ledger was hindered due to becoming acclimated to the new Oracle R-12 system. Ms. Deaton-Moyer advised the issue has been resolved. Mr. Crumbo complimented the work and management of Metro Water Services.

Discussion on the Audit of the Juvenile Court Clerk Collections and Victims' Trust Account Management issued March 17, 2021.

Mr. Walker summarized the scope, observations, and recommendations of the report. Councilmember Suara asked if the audit looked to determine if the five terminated employees who still had access to the Justice Management Information System had any activity after leaving their positions. Mr. Walker advised the audit found no activity within the system occurred after the employees terminated their employment.

Discussion on the Audit Recommendations Follow-up – Audit of Nashville General Hospital Pharmacy Operations issued March 23, 2021.

Ms. Riley summarized the scope, observations, and recommendations of the report. Vice-Mayor Shulman inquired about the recommendation related to badge access. Vice-Mayor Shulman asked if that had to do with ensuring only proper personnel have access to the pharmacy and would we be going back out to make sure the recommendation is fully implemented. Ms. Riley advised yes to both questions.

Discussion on the Audit of the Department of Emergency Communications issued March 30, 2021.

Mr. Walker summarized the scope, observations, and recommendations of the report. No discussion ensued.

Metropolitan Auditor's Annual Performance Review.

Ms. Riley discussed the process for evaluating the Metropolitan Auditor. Each Audit Committee member will receive a list of criteria regarding the Metropolitan Auditor's performance. The criteria were listed in the workbook and can be modified at the Audit Committee's discretion. Office of Internal Audit staff are also provided a survey to evaluate performance. Finally, the Metropolitan Auditor conducts a self-evaluation. These three items will be combined and presented at the next Audit Committee meeting. Mr. Reed advised this evaluation is a requirement of the Metropolitan Audit Committee and asked the committee if there were any comments or suggested modifications to the process. No discussion ensued.

Criminal Justice Information Services (CJIS) clearance for Metropolitan Audit Committee Members

Mr. Reed advised that presently one committee member has Criminal Justice Information Service clearance. It would be prudent to have additional members to obtain this to be able to review certain reports. Mr. Crumbo emphasized the importance of the clearance and having more members with it. Vice-Shulman advised he would obtain the clearance. Mr. Reed advised he and Mr. Bates would look into obtaining the clearance.

OTHER ADMINISTRATIVE MATTERS

Ms. Riley went over the current status of recommendation implementation follow up, audit projects currently being worked on, and the budget. Ms. Riley also discussed staffing and promotions. Mr. Reed inquired about staff turnover. Ms. Riley advised the Office of Internal Audit had not had turnover since June 2019.

Miscellaneous

Ethics Training for Boards, Commissions, and Authorities.

Ms. Ladd with the Department of Law provided the required ethics training for the Metropolitan Audit Committee.

Executive Session

Mr. Reed inquired if there was a need to go into Executive Session. Ms. Riley advised only if the committee wanted an update on ongoing investigations.

A **motion** to go into Executive Section was made, seconded, and carried. A roll call was conducted with the following votes:

- Brackney Reed - Yes
- Tom Bates – Yes
- Zulfat Suara - Yes
- Jim Shulman - Yes
- Thom Druffel - Yes
- Kevin Crumbo - Yes

The next regularly scheduled meeting is June 22, 2021, at 4:00 p.m.

The public meeting adjourned after approximately 1 hour and 26 minutes.

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The minutes for the April 13, 2021, Metropolitan Nashville Audit Committee meeting are respectfully submitted.

Lauren Riley

Lauren Riley, Metropolitan Auditor
Secretary, Metropolitan Nashville Audit Committee

Approved by the Metropolitan Nashville Audit Committee on June 22, 2021.