METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
METROPOLITAN AUDIT COMMITTEE MEETING

December 10, 2013

On Tuesday, December 10, 2013, at 4:00 p.m., the Metropolitan Nashville Audit Committee met in the Metropolitan Courthouse, 2nd Floor Committee Room 1. The following people attended the meeting:

Committee Members
Bob Brannon, Chairman

Brack Reed, Vice Chairman

Richard Riebeling, Director, Metropolitan Nashville Department of Finance

Steve Glover, Council Member

Jacobia Dowell, Council Member

Others
Mark Swann, Metropolitan Auditor, Metropolitan Nashville Office of Internal Audit

Carlos Holt, Audit Manager, Metropolitan Nashville Office of Internal Audit

Theresa Costonis, Attorney, Metropolitan Nashville Department of Law

David Hunt, Crosslin & Associates, P.C.

John Crosslin, Crosslin & Associates, P.C

Ben Nichols, Crosslin & Associates, P.C.

Kim McDoniel, Chief Accountant, Metropolitan Nashville Department of Finance

Sonny Lyons, Metropolitan Nashville Human Resources

Les Bowron, Metropolitan Nashville Human Resources

Tony Neumaier, Metro Water Services

Committee Member Absent
Diane Neighbors, Vice Mayor

Quorum present? Yes

Call Meeting to Order

Mr. Brannon called the meeting to order.

Approval of Minutes

The minutes of the meeting on October 22, 2013, were approved.

New Business

Metropolitan Auditor Position Announcement Process

Mr. Lyons provided a sample job announcement and timeline showing the intent to post the Metropolitan Auditor position on January 2, 2014. Metropolitan Nashville Human Resources will review all applications first to determine if they are qualified before forwarding them to the Metropolitan Nashville Audit Committee. The Committee will need to provide a designated representative point of contact for the recruitment. Mr. Lyons also stated that it is his intent to post the position on known recruiting source websites such as the Institute for Internal Auditors. Mr. Brannon stated that he will be the point of contact. It was also decided that the position should be posted for 30 days rather than the 15 days initially discussed. The current Metropolitan Auditor position expires June 30, 2014.

Messrs. Lyons and Bowron departed.

Mr. Brannon notified several interested parties that there would be no discussion of the evaluation of the request for proposal for a performance audit of the Metropolitan Nashville Public Schools at this meeting. There would be another meeting in a few weeks to discuss this matter.

<u>External auditor presentation of fiscal year 2013 Comprehensive Annual Financial Reports (Crosslin & Associates, P.C.)</u>

Mr. Hunt with Crosslin & Associates presented the Comprehensive Annual Financial Reports for Metropolitan Government of Nashville & Davidson County fiscal year 2013. A workbook was provided to each committee member summarizing the highlights of Mr. Hunt's presentation.

Mr. Brannon stated that no particular actions were needed at this point.

<u>External auditor presentation of Performance Audit of the Clean Water Nashville Overflow Abatement Program (Crosslin & Associates, P.C.)</u>

Mr. Crosslin with Crosslin & Associates discussed the performance audit they performed on the overflow abatement program. He referenced the 2009 consent degree from the Environmental Protection Agency requiring Metropolitan Nashville to make numerous improvements in the storm and sewer water management system. Overall it is a $1.5 billion project over ten years. The performance audit report was dated August 31, 2013. Mr. Riebeling noted that this construction program is the largest that Metropolitan Nashville has ever performed. Mr. Swann stated this audit project was included in the Office of Internal Audit approved 2013 Work Plan and was not performed because of the work performed by Crosslin & Associates.

Mr. Brannon stated that no particular actions were needed at this point.

Old Business

<u>Hotel Occupancy Tax Audits (Mark Swann – Metropolitan Auditor)</u>

Mr. Swann noted that the number of Hotel Occupancy Tax audits performed in 2013 was 18 and in 2014, 15 were scheduled. He stated that the average underpayment was two percent and so far the Office of Internal Audit has identified $254,254 in hotel tax underpayments.

<u>Internal Audit Project Status (Mark Swann – Metropolitan Auditor)</u>

Mr. Swann made reference to the status of audit reports and indicated approximately eight reports are in field work or the draft report phase, and two audits are newly underway, the audit of the Mayor's Office and the Davidson County Property Assessor. There are two other audits left on the plan. He noted that almost every department in Metropolitan Nashville has been touched at least once by an audit performed by the Office of Internal Audit in the past six years.

Ms. Dowell asked about the recent news story on grant management problems with the Metropolitan Nashville Health Department and where it originated. Mr. Swann noted that State of Tennessee grant reviewers worked with the Metropolitan Nashville Health Department on this matter. Mr. Swann also indicated state and federal entities audit grants routinely. Also, grants are reviewed by the external auditor during the single audit and sometimes by the Metropolitan Nashville Finance Department, Office of Accountability.

Other Administrative Matters (Mark Swann – Metropolitan Auditor)

Mr. Swann stated that the office still has some unused funds in the consulting budget and also will need to have an external peer review performed as required by Government Auditing Standards. There is also a bill coming due for approximately $9,900 for a consultant used to provide assistance with the Planning Department audit.

Mr. Swann highlighted that one Staff Auditor, Seth Hatfield, just received his certified public accounting certification. Also, Senior Auditor, Lauren Riley, just received her ACL certified data analyst certification.

Consideration of Items for Future Meetings (Bob Brannon - Committee Chair)

Mr. Swann stated that he wanted to move the normal February meeting to January 28, 2014, due to the need to refresh the audit plan.

Mr. Swann stated that the follow-up meeting to finish evaluating the request for proposal for a performance audit of the Metropolitan Nashville Public Schools would be held on December 19, 2013, at 8:00 a.m.

Meeting adjourned after 62 minutes.

Approved at the February 13, 2014 Metropolitan Nashville Audit Committee meeting.