

**METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
AUDIT COMMITTEE MEETING MINUTES
July 10, 2019**

On Wednesday, July 10, 2019, at 4:00 p.m., the Metropolitan Nashville Audit Committee met in the Metropolitan Courthouse, 2nd Floor, Committee Room 2. The following people attended the meeting:

Committee Members

Charles Frasier, Tennessee Society of CPAs
John Cooper, Council Member
Jim Shulman, Vice-Mayor
Bob Mendes, Council Member

Committee Members Not Present

Brackney Reed, Chamber of Commerce
Talia Lomax-O'dneal, Director of Finance

Others

Gina Pruitt, Interim Metropolitan Auditor
Theresa Costonis, Department of Law
Patricia Cottrell, Chief Compliance Officer
Stacy Wall, General Services
Kim McDoniel, Finance Department
Phil Carr, Finance Department
Caroline Vincent, Arts Commission
Ian Myers, Arts Commission
Hannah Davis, Mayor's Office
Kaki Friskis-Warren, Metro Housing Trust
Fund Commission
Lucy Kempf, Planning Department
Bill Herbert, Codes and Building Safety
Sharon Wahlstrom, Public Works
Dell Crosslin, Crosslin
John Crosslin, Crosslin
Lindsey Ellis, Crosslin
Laura Henry, Office of Internal Audit
Lauren Riley, Office of Internal Audit
Innocent Dargbey, Office of Internal Audit
Bill Walker, Office of Internal Audit

Quorum present? No (obtained a quorum during the meeting for voting purposes)

CALL MEETING TO ORDER

Mr. Frasier called the meeting to order.

NEW BUSINESS

External Audit Plan for the Year Ending June 30, 2019

Mr. John Crosslin summarized the upcoming external audit to be conducted for fiscal year 2019. Mr. Crosslin gave a high-level overview on topics such as the engagement team members, the responsibilities of auditors and management, the audit methodology, new GASB statements impacting the audit, the estimated timelines and deliverables.

Councilmember Mendes and Councilmember Cooper inquired about the going concern status related to Nashville General Hospital from the audit two years ago. Mr. Crosslin advised the going concern was, in large part, a function of the uncertainty surrounding the supplemental appropriation. The going concern impacted the Single Audit in that the Metropolitan Government of Nashville has been classified as a high risk. This impact will be abated after this fiscal year.

A discussion ensued over fiscal year 2019 being the last year on Crosslin's contract to conduct the external audit and the selection process for who is awarded the next contract.

Vice-Mayor Shulman arrived at 4:08 p.m. (Quorum now present)

APPROVAL OF MINUTES

A **motion** to approve the April 16, 2019, and June 5, 2019, meeting minutes as presented in the Metropolitan Nashville Audit Committee Workbook for July 10, 2019, was made, seconded, and carried.

NEW BUSINESS (continued)

Discussion on the request received from Judge Joe P. Binkley, Jr. for an audit of the Davidson County Drug Court

Ms. Pruitt advised a request had been made by the Davidson County Drug Court for an audit to be conducted by the Office of Internal Audit of their entity due to a transition in management.

A **motion** for the Office of Internal Audit to add and audit of the Davidson County Drug Court to the 2020 Audit Plan was made, seconded, and approved.

Discussion on the Follow Up Audit of the Office of Fleet Management issued June 3, 2019

Ms. Riley summarized the objectives, observations, and recommendations for the follow-up audit. No additional questions or discussion ensued.

Discussion on the Audit of Development Conditions issued June 12, 2019

Ms. Henry summarized the objectives, observations, and recommendations for the audit.

Vice-Mayor Shulman inquired about how many process owners should there be over this process since it involves multiple departments. Ms. Kempf advised that this was a policy question that the applicable departments would need to determine. Councilmember Cooper asked about a timeline and would there be any need for the Metropolitan Nashville Council to assist. Ms. Kempf advised there was a timeframe for the stakeholders to come up with a plan. If needed, the Metropolitan Nashville Council would be contacted for assistance.

Mr. Herbert discussed challenges surrounding special conditions and the need of collaboration.

Councilmember Mendes asked if the various stakeholders could meet the target dates for the various recommendations. The stakeholders advised they could.

Mr. Frasier inquired about the proposed implementation dates and that some of them would not be implemented for over a year. Councilmember Mendes advised it was a function of needing additional staff and the budget process. Ms. Kempf added that working across multiple departments will also require additional time.

A discussion ensued over when special conditions are used inappropriately and the need for stakeholders to work together to have processes in place to make sure it does not happen.

Discussion on the Audit of the Barnes Fund issued June 27, 2019

Mr. Walker summarized the objectives, observations, and recommendations for the audit.

Councilmember Mendes voiced concern that staff turnover within the Barnes Fund cannot continue to frustrate program objectives. Councilmember Mendes also encouraged a follow-up audit in the future.

Discussion on the Audit of the of the Metropolitan Arts Commission issued July 5, 2019

Mr. Dargbey summarized the objectives, observations, and recommendations for the audit.

Councilmember Mendes expressed concern over the challenging nature of calculating the one percent public art computation. Councilmember Mendes stated he believed this was not the Arts Commission's responsibility to fix. A discussion ensued over which department would be best suited to address this challenge.

UNFINISHED BUSINESS

Revised Investigation Report Collier Engineering issued January 24, 2019

Ms. Pruitt gave a status update on the ongoing vendor audits. Specifically, EY has submitted their draft reports. The Office of Internal Audit is reviewing work papers to ensure applicable requirements and standards have been met. BarryDunn is approximately 70-80 percent complete.

A discussion ensued over when the vendor audit reports could be presented to the audit committee. Councilmember Mendes and Vice-Mayor Shulman inquired about whether elected officials on the Committee would be able to attend a September 2019 meeting as Committee members. Ms. Costonis stated she would investigate the term dates and how transitions are made post-elections.

A&E Vendor Billing Review Update

Judge Patricia Cottrell gave a summary of the vendor billing review. Some of the items discussed included:

- There is a need for electronic invoicing from vendors to facilitate analysis and review. The lack of such a system frustrates the effort to analyze how much is being billed to specific contracts and projects. Submitting electronic invoices is now a requirement as of July 1, 2019. The Information Technology Systems Department is also working to provide a system to help facilitate this. Training has been taking place with respective vendors on the new requirement.
- Many employees and vendors are unaware of ethical requirements found in the Metropolitan Procurement Code and applicable Metropolitan Code. Training has been provided to remedy this issue.
- There were certain services, such as vendor coordinating with the Mayor's Office, which were being billed which should have been excluded.

- Vendor employees working over 40 hours per week were not required to have prior approval from the Metropolitan Government of Nashville. This requirement is now in place.

Vice-Mayor Shulman advised he believed the new Metropolitan Council should be made aware of the proper protocols on who to contact when questions arise regarding vendors once their terms begin.

Councilmember Mendes left the meeting at 5:17 p.m. (*Quorum no longer present*)

OTHER ADMINISTRATIVE MATTERS

Ms. Pruitt presented the following administrative matters:

- Fiscal Year 2019 Budget Status
- Office of Internal Audit Project Status Update
- Recommendation Follow Up Status

The next special called meeting is scheduled for July 19, 2019, at 8:00 a.m. to interview candidates for the Metropolitan Auditor position. The next regularly scheduled meeting is September 10, 2019, at 4:00 p.m.

The public meeting adjourned after approximately 1 hour and 25 minutes.

The minutes for the July 10, 2019, Metropolitan Nashville Audit Committee meeting are respectfully submitted.

Gina Pruitt, Interim Metropolitan Nashville Auditor
Secretary, Metropolitan Nashville Audit Committee

Approved by the Metropolitan Nashville Audit Committee on August 30, 2019.