

**METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
AUDIT COMMITTEE MEETING MINUTES
November 26, 2019**

On Tuesday, November 26, 2019, at 4:00 p.m., the Metropolitan Nashville and Davidson County 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
Jim Shulman, Vice-Mayor
Kevin Crumbo, Director of Finance
Zulfat Suara, Council Member
Thom Druffel, Council Member

Committee Member Absent

Brackney Reed, Chamber of Commerce

Others

Gina Pruitt, Interim Metropolitan Auditor
Theresa Costonis, Department of Law
Wanda Hadley, Human Resources
Chief Al Thomas, Fire Marshal's Office
Shannon Hall, Human Resources
Ginger Hall, Human Resources
Elizabeth Waites, Metro Clerk
Phil Carr, Chief Accountant
Dell Crosslin, Crosslin
John Crosslin, Crosslin
David Hunt, Crosslin
Lindsey Ellis, Crosslin
Lauren Riley, Office of Internal Audit
Bill Walker, Office of Internal Audit
Seth Hatfield, Office of Internal Audit
Laura Henry, Office of Internal Audit

Quorum present? Yes

CALL MEETING TO ORDER

Mr. Frasier called the meeting to order.

INTRODUCTIONS

Mr. Frasier welcomed the new members of the Metropolitan Nashville Audit Committee. New members introduced themselves. Mr. Frasier gave a brief overview of how meetings typically work.

APPROVAL OF MINUTES

A **motion** was made to approve the September 10, 2019 meeting minutes as presented in the Metropolitan Nashville Audit Committee Workbook for November 26, 2019, was seconded, and carried.

UNFINISHED BUSINESS

Discussion on next steps related to candidates for Metropolitan Auditor

Ms. Hadley gave an overview of the proposed candidate recruitment timeline as presented in the Metropolitan Nashville Audit Committee Workbook for November 26, 2019. Ms. Hadley stated since re-opening the position, 40 candidates had submitted their applications. These candidates are grouped in four categories – outstanding, highly qualified, minimally qualified,

and disqualified. Ms. Hadley stated the job posting closes on December 4, 2019. After the job closes, Ms. Hadley stated she would send the Committee members the resumes of those rated outstanding or highly qualified. Ms. Hadley stated a discussion on candidates would occur at the December 10, 2019, Committee meeting. Ms. Hadley discussed the further steps of background checks and supplemental questions. A discussion ensued about the job description.

Action item: Ms. Hadley stated she would send out the job description to the Audit Committee members.

Mr. Crumbo inquired about the cost of the first round of interviews and background checks. A discussion was had about the cost of prior interviews. A discussion then began about the requirement for three qualified candidates being presented to the Metropolitan Council for confirmation to fill the remainder of the term. Mr. Frasier inquired if an interim Metropolitan Auditor could be used for the remaining two years instead of continuing to search. Ms. Costonis stated hiring the Metropolitan Auditor is a duty of the Audit Committee; thus, a good faith effort to permanently fill the position must be made.

Action item: Ms. Hadley stated she would accumulate the cost of the first group of interviews and include it with the job description being sent out to Audit Committee members.

Committee members discussed the requirement that the hired individual fulfill the remaining portion of the open term. Steps needed to change the requirement were discussed. Vice Mayor Shulman asked if candidates expressed any apprehension to applying because of the short term. Ms. Hadley stated some candidates had asked questions about the term length.

Ms. Hadley requested the Committee members begin to determine which factors are of most importance to them. Ms. Hadley stated ensuring everyone was on the same page prior to selecting candidates would help the process. Ms. Hadley asked if the Committee members also wanted to receive the resumes of the first round of applicants that were considered. A discussion was had about whether to include the prior round's applicants.

Action item: Ms. Hadley stated she would send the prior round's applicants to the Committee members in a separate file with the designation that they are from the first group of applicants.

Discussion of changes to the Audit of the Metropolitan Nashville Fire Marshal's Office issued September 6, 2019

Ms. Riley summarized the Audit of the Metropolitan Nashville Fire Marshal's Office report. Ms. Riley discussed the changes made pursuant to the discussions at the September 10, 2019, Audit Committee meeting. Ms. Riley noted the changes to risk ratings and observations. Councilmember Druffel inquired if the lack of re-inspections was due to financial or resource issues. Chief Thomas stated that, at the time of the audit, staffing was low; however, since the audit, additional staff have been hired to address re-inspections. Chief Thomas highlighted the staffing changes made since the audit.

Councilmember Suara inquired about the out of date software observation in the report. Chief Thomas stated software upgrades had been made since the audit, and the upgrades addressed many of the observations in the audit report.

NEW BUSINESS

Discussion on the Audit of the Metropolitan Nashville General Government Benefits issued October 16, 2019.

Mr. Walker summarized the scope, observations, and recommendations of the report. Mr. Frasier asked about the implementation dates for the recommendations since they were in 2020. Ms. Shannon Hall informed the Committee about the need for various levels of approval before certain recommendations could be implemented. Ms. Shannon Hall discussed the steps taken so far and future plans around working with charter schools to ensure correct pension calculations.

Councilmember Suara asked about Metropolitan Nashville Government's liability for charter schools and pensions. Ms. Shannon Hall noted the Department of Law stated Metro would be liable. Ms. Pruitt added that some issues are due to charter schools having various payroll systems. Ms. Shannon Hall confirmed this and noted the work-arounds Human Resources currently takes to get as best information as they can from the charter schools.

Councilmember Suara asked why the last insurance claims audit was performed in 2013 and the next audit was not planned until 2021. Ms. Shannon Hall stated due to the budget cycle and need for approval of resources, the next one could not be scheduled until 2021. Ms. Ginger Hall also added how the non-responses would be addressed.

Discussion on the Audit of the Metropolitan Clerk Lobbyist Registration and Disclosure Process issued October 18, 2019.

Mr. Walker summarized the scope, observations, and recommendations of the report. Mr. Frasier inquired about why no late fees or penalties were assessed. Councilmember Druffel also asked if the ordinance did not specify who handles the complaints, did anything in the State legislation. Ms. Waites explained the reason for the audit request and how the lack of clarification affects the process. Councilmember Druffel asked if there was a way to get more clarification on the issue. Ms. Waites stated it would require the assistance of the Metropolitan Council. Councilmember Druffel stated he and Councilmember Suara may be able to assist.

Vice Mayor Shulman asked why the percentage of filed lobbyists increased so much in 2018. Ms. Waites stated this was when the Clerk's Office began tracking the filings.

Discussion on the Audit of the Nashville Municipal Auditorium issued October 25, 2019.

Mr. Walker summarized the scope, observations, and recommendations of the report. Councilmember Druffel inquired about the timeframe for follow-up on recommendations since some recommendations were made in 2011. Mr. Walker explained the Office of Internal Audit's follow-up process. Councilmember Druffel asked if the follow-up was driven by risk. He added that follow-up should be done to ensure clients know the Office of Internal Audit will be back to check on implementation.

Mr. Crumbo inquired about the management and reporting structure of the Municipal Auditorium. Ms. Costonis stated that the Municipal Auditorium reports to the Auditorium Commission. A discussion about the management of Municipal Auditorium ensued.

Councilmember Suara began a discussion on implementation follow-up procedures for recommendations made during audits. A discussion about including an agenda item for follow-

up occurred. Committee members discussed inviting process owners back to meetings to discuss why recommendations have not been implemented.

Action item: Ms. Pruitt stated an agenda item would be added to the first Audit Committee meeting of 2020 to discuss recommendations past their estimated due date. Process owners for outstanding high-risk items would be invited to discuss why implementation is not completed.

OTHER ADMINISTRATIVE MATTERS

Ms. Pruitt presented the following administrative matters:

- Fiscal Year 2020 Budget Status
- Office of Internal Audit Project Status Update

Councilmember Suara inquired about how the annual audit plan is determined. Ms. Pruitt discussed the many elements used to evaluate the areas that need to be audited.

Mr. Frasier asked if there were any considerations for future meetings. There were none.

The next regularly scheduled meeting is December 10, 2019, at 4:00 p.m.

The public meeting adjourned after approximately 1 hour and 33 minutes.

The minutes for the November 26, 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 December 10, 2019.