

**METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY  
AUDIT COMMITTEE MEETING MINUTES  
February 11, 2020**

On Tuesday, February 11, 2020, at 4:00 p.m., the Metropolitan Nashville Audit Committee met in the Metropolitan Courthouse, 2<sup>nd</sup> 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

Others

Gina Pruitt, Interim Metropolitan Auditor  
Theresa Costonis, Department of Law  
Phil Carr, Chief Accountant  
Marc Overlock, Nashville General Hospital  
Mark Brown, Nashville General Hospital  
Julie Groves, Nashville General Hospital  
Evelyn Henson, Nashville General Hospital  
Lauren Riley, Office of Internal Audit  
Bill Walker, Office of Internal Audit  
Seth Hatfield, Office of Internal Audit

Committee Member Absent

Brackney Reed, Chamber of Commerce

*Quorum present? Yes*

**CALL MEETING TO ORDER**

Mr. Frasier called the meeting to order.

**APPROVAL OF MINUTES**

A **motion** to approve the December 10, 2019, meeting minutes as presented in the Metropolitan Nashville Audit Committee Workbook for February 11, 2020, was made, seconded, and carried.

Interim Metropolitan Auditor Position

Mr. Frasier advised that Ms. Pruitt would be stepping down as the Interim Metropolitan Auditor. Ms. Pruitt's heavy work schedule with KraftCPAs coupled with her mother's illness facilitated this move. Mr. Frasier thanked Ms. Pruitt for her work recognizing that she was fulfilling the Interim Metropolitan Auditor role in conjunction with her responsibilities as a partner with KraftCPAs. The Audit Committee collectively thanked Ms. Pruitt for her service. Bill Walker with the Office of Internal Audit is to serve as the Interim Metropolitan Auditor until the Audit Committee is able to hire a permanent replacement.

A **motion** to name Bill Walker as the Interim Metropolitan Auditor was made, seconded, and carried.

**Old Business**

Discussion of potential candidates for the Metropolitan Auditor and next steps

Ms. Pruitt gave an update on the recruitment process for the Metropolitan Auditor position. Specifically, eleven candidates had been selected by the Audit Committee to interview. Three

had dropped out leaving eight potential candidates. Five of the candidates had been interviewed by the prior Audit Committee during the first round of hiring. Councilman Druffel inquired if interview notes could be reviewed on those five candidates. Ms. Pruitt advised the interviews had been taped but one tape was corrupted.

Vice-Mayor Shulman asked for the names of the eight candidates. Ms. Pruitt advised:

- Lauren Riley
- Kimberly Phegley
- John Cashmon
- Brenda Roberts
- Deborah Jenkins
- John Valtierra
- Michael Hill
- Paul Morris

Ms. Pruitt advised the three new candidates were Lauren Riley, Kimberly Phegley, and Paul Morris. Ms. Pruitt advised Wanda Hadley in Human Resources would be sending out potential interview times. Mr. Frasier, Ms. Pruitt, and Mr. Crumbo emphasized the importance of being responsive to polling on interview dates and getting the position filled. Ms. Pruitt discussed some of the inherent challenges of conducting interviews for the Metropolitan Auditor position.

Acceptance of the Metropolitan Nashville Government Fiscal Year 2018 Letter of Recommendations to Management from Crosslin discussed in the April 9, 2019, Committee meeting and the Fiscal Year 2018 Schedules of Expenditures of Federal and State Awards and Reports as required by the Single Audit Act discussed in the April 9, 2019, Committee meeting.

Mr. Frasier discussed the need to approve the Fiscal Year 2018 Letter of Recommendations to Management and Single Audit issued by Crosslin. Council lady Suara inquired if the recommendations from this report had been resolved. Ms. Pruitt advised the Management Letter for fiscal year 2019 would be discussed in the April meeting where the status of the recommendations would be discussed. Council lady Suara inquired about what happens to money that is refunded in the Customer Refund Account. Mr. Carr advised the money is included in a list that goes to the State of Tennessee.

Kevin Crumbo asked Mr. Carr to comment on the Single Audit report. Mr. Carr advised the Single Audit report has been completed by Crosslin and did not have any findings. This will be discussed in the April meeting. The Letter of Recommendations to Management from Crosslin is being finalized. Mr. Crumbo praised Mr. Carr and his team for their quality work noting the numerous awards in financial reporting Mr. Carr's office has received over the years.

A **motion** to approve the Fiscal Year 2018 Letter of Recommendations to Management from Crosslin discussed in the April 9, 2019, Committee meeting and the Fiscal Year 2018 Schedules of Expenditures of Federal and State Awards and Reports as required by the Single Audit Act was made, seconded and carried.

## **New Business**

Discussion of the request received from Interim Director of Schools, Dr. Adrienne Battle for the audit/investigation of the involvement of Tony Majors in the nonprofit and programs related to Nashville RBI and potential conflicts of interest, violation of policies and procedures, law, or other related issues.

Ms. Pruitt advised a request for an investigation had been received from Interim Nashville Public Schools Director Dr. Adrienne Battle. Ms. Pruitt advised ongoing investigations could only be discussed in Executive Session. Mr. Crumbo requested an Executive Session be conducted once the regular meeting concluded.

Discussion on the Audit of Nashville General Hospital Pharmacy Operations issued December 20, 2019.

Ms. Riley summarized the scope, observations, and recommendations of the report. Councilman Druffel asked if the recommendations with January 31, 2020, implementation dates had been completed. Ms. Groves advised all but three had been implemented, and the three outstanding were in progress.

Council lady Suara asked if Nashville General Hospital has an internal audit department outside of its Compliance Division. Ms. Groves advised no but the Compliance Division does submit an annual work plan which was approved by the Nashville General Hospital Board. Council lady Suara asked if the Compliance Division would make sure the recommendations in this report were completed. Ms. Groves advised yes.

Mr. Crumbo asked if the recommendations in this report would be applicable to the new clinic that recently opened. Ms. Groves advised there was not a pharmacy at the new clinic. Mr. Frasier asked about the cost associated with the pharmacy and if the audit looked at the associated revenue to determine efficiency. Ms. Riley advised that revenues had been scoped out due to a previous audit addressing that area.

Discussion on the Architecture and Vendor Audits

Ms. Riley gave an update on the status of the four vendor audits of Architecture and Engineering firms. Ms. Riley gave a broad overview of the history of this engagement. The audits were not conducted by the Office of Internal Audit but by two outside firms. Mr. Frasier advised that this had been an outstanding item for some time. Ms. Riley stated that the two firms who conducted the engagement met with the previous audit committee back in August to discuss their findings. It has taken time to get the reports out. The report is tentatively scheduled to be released in the next couple of weeks. When the report is released, the Office of Internal Audit can obtain questions from the Audit Committee to relay back to the firms who conducted the audit. Council lady Suara inquired if Davis-Bacon was included in the scope of work. Ms. Riley advised no. Council lady Suara advised this is an important area that should be looked at in future audits.

Discussion of the Office of Internal Audit Recommended 2020 Annual Work Plan

Mr. Walker gave an overview of the methodology and process the Office of Internal Audit goes through in generating an annual audit plan. Councilman Druffel stated that an important area to audit would be capital projects, specifically as it relates to capturing all relevant costs. Councilman Druffel noted there were two such audits on the plan.

A discussion ensued about the various projects on the audit plan and the methodology. It was noted that an error was made whereby the audit plan has Davidson County Sheriff's Office instead of the Metropolitan Nashville Police Department scheduled to be audited.

A **motion** to accept the Office of Internal Audit Plan for the upcoming year, with a correction made to include the Metropolitan Nashville Police Department in the place of the Davidson County Sheriff's Department was made, seconded, and carried.

Discussion of the Office of Internal Audit Recommendation Follow Up

Ms. Pruitt gave a summary of the current status of the follow up process on recommendations made in previous audit reports. She recommended that follow up be directed towards high risk observations. Moreover, every time an audit is completed, the audit committee should communicate to the Office of Internal Audit which recommendations it wanted to see followed up on. A discussion ensued regarding the outstanding recommendations and the methodology used to assign risk categories. The Audit Committee's strong consensus was that audit recommendations need to be followed up on. Ms. Pruitt recommended having the Metropolitan Auditor send a letter to departments who have not responded stating the Audit Committee is requesting the reasons why a recommendation has not been implemented. Vice-Mayor Shulman advised bringing non-responsive departments before the audit committee. Mr. Crumbo advised in extreme cases the Finance Department could refuse funding. Mr. Crumbo also advised his office was in the process of utilizing information generated to see how they could contribute to the process. Councilman Druffel advised a staged approach whereby funding would be withheld after a department had met with the Audit Committee and still not addressed the issues.

A **motion** for the Office of Internal Audit to submit a letter to departments who have outstanding recommendations to advise that implementation status must be communicated to the Office of Internal Audit by June 30, 2020, was made, seconded, and carried.

**OTHER ADMINISTRATIVE MATTERS**

Ms. Pruitt went over the current status of various projects being worked on by the Office of Internal Audit. Mr. Walker discussed the 2021 budget for the Office of Internal Audit. Specifically, the office has been asked to cut the budget by \$40,200. This amount will be taken from the Management and Consulting account. Ms. Pruitt provided a copy of the 2019 Office of Internal Audit Annual Report.

The next regularly scheduled meeting is April 22, 2020, at 4:00 p.m.

The public meeting adjourned after approximately 1 hour and 45 minutes.

A **motion** was made for the Metropolitan Audit Committee to go into Executive Session, was seconded, and carried.

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The minutes for the February 11, 2020, Metropolitan Nashville Audit Committee meeting are respectfully submitted.



Bill Walker, Interim Metropolitan Nashville Auditor  
Secretary, Metropolitan Nashville Audit Committee

**Approved by the Metropolitan Nashville Audit Committee on April 22, 2020**