

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
AUDIT COMMITTEE MEETING MINUTES
April 22, 2020

On Tuesday, April 22, 2020, at 4:00 p.m., the Metropolitan Nashville Audit Committee met via conference call due to the COVID-19 pandemic. The following people attended the meeting:

Committee Members

Brackney Reed, Chamber of Commerce
Charles Frasier, Tennessee Society of CPAs
Kevin Crumbo, Director of Finance
Zulfat Suara, Council Member
Thom Druffel, Council Member

Others

Bill Walker, Interim Metropolitan Auditor
Theresa Costonis, Department of Law
John Crosslin, Crosslin
Dell Crosslin, Crosslin
Jennifer Manternach, Crosslin
David Hunt, Crosslin
Phil Carr, Chief Accountant
Tim Townsend, State Trial Courts
Janet Hobson, Drug Court
Joe Werner, State Trial Courts
Lauren Riley, Office of Internal Audit
Nan Wen, Office of Internal Audit
Laura Henry, Office of Internal Audit
Seth Hatfield, Office of Internal Audit

Committee Member Absent

Jim Shulman, Vice Mayor

Quorum present? Yes

CALL MEETING TO ORDER

Mr. Reed called the meeting to order.

A **roll call** was conducted by Mr. Walker. The following members were in attendance:

- Brackney Reed
- Charles Frasier
- Kevin Crumbo
- Zulfat Suara
- Thom Druffel

A **motion** to conduct the meeting using a conference call format because it was necessary to protect the safety and welfare of Tennessean's due to the COVID 19 pandemic and to conform to Governor Bill Lee's Executive Order Number 6 was made, seconded and carried. Specifically, a roll call was conducted with the following votes:

- Brackney Reed - Yes
- Charles Frasier - Yes
- Kevin Crumbo - Yes
- Zulfat Suara - Yes
- Thom Druffel - Yes

APPROVAL OF MINUTES

Mr. Frasier noted that the April 14, 2020, meeting minutes incorrectly spelled John Cashmon's last name. Mr. Frasier requested it be changed.

A **motion** to approve the February 11, 2020, February 27, 2020, and April 14, 2020, meeting minutes as presented in the Metropolitan Nashville Audit Committee Workbook for April 22, 2020, with the correction noted, was made and seconded. A roll call was conducted with the following votes:

- Brackney Reed - Yes
- Charles Frasier - Yes
- Kevin Crumbo - Yes
- Zulfat Suara - Yes
- Thom Druffel - Yes

The motion carried.

Annual Election of Committee Chairman and Vice Chairman

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

- Brackney Reed - Yes
- Charles Frasier - Yes
- Kevin Crumbo - Yes
- Zulfat Suara - Yes
- Thom Druffel - Yes

The motion carried.

A **motion** to name Mr. Frasier 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
- Charles Frasier - Yes
- Kevin Crumbo - Yes
- Zulfat Suara - Yes
- Thom Druffel - Yes

The motion carried.

OLD BUSINESS

Discussion of Metropolitan Auditor position progress and next steps

Mr. Walker stated that on April 21, 2020, the Metropolitan Council approved naming Lauren Riley the next Metropolitan Auditor. Mr. Walker advised that the Metropolitan Audit Committee must set the start date, salary, and leave time for Ms. Riley. A discussion ensued about previous salaries and leave time, Human Resources's recommendations, experience, and expectations. A **motion** was made to set Ms. Riley's hiring letter with the following:

- a. Start date of May 4, 2020,
- b. Salary consistent with that of former Metropolitan Auditor Mark Swann on his last day as Metropolitan Auditor,

- c. Leave time consistent with that of former Metropolitan Auditor Mark Swann on his last day as Metropolitan Auditor.

The motion was seconded. Councilmember Suara asked about Mark Swann's experience when he began as Metropolitan Auditor. A discussion ensued about the consistency of the salary with experience level. A roll call was conducted with the following votes:

- Brackney Reed - Yes
- Charles Frasier - Yes
- Kevin Crumbo - Yes
- Zulfat Suara - Yes
- Thom Druffel - Yes

The motion carried.

Councilmember Druffel mentioned that the Metropolitan Council's discussion on April 21, 2020, indicated concerns with prior Office of Internal Audit management. A discussion ensued on concerns from the Metropolitan Council and addressing them going forward.

NEW BUSINESS

Presentation of the Metropolitan Nashville Government Fiscal Year 2018 Schedules of Expenditures of Federal and State Awards and Reports Required by the Single Audit Act as Amended and the Uniform Guidance

Mr. J. Crosslin and Ms. Manternach presented the Single Audit to the Committee. Mr. Frasier inquired about pending restitution. Ms. Manternach explained the pending restitution and how it would be repaid. Ms. Manternach noted it would be removed next year. Mr. J. Crosslin also noted how it would be reported until its full repayment even after being removed from the Single Audit.

A **motion** to approve the Fiscal Year 2018 Schedules of Expenditures of Federal and State Awards and Reports as required by the Single Audit Act was made and seconded. A roll call was conducted with the following votes:

- Brackney Reed - Yes
- Charles Frasier - Yes
- Kevin Crumbo - Yes
- Zulfat Suara - Yes
- Thom Druffel - Yes

The motion carried.

Discussion on the Architectural and Engineering Vendor Audits issued February 19, 2020

Ms. Riley gave an overview of the vendor audit reports issued. Mr. Frasier inquired about the use of "independently contracted employees" within the report. Ms. Riley advised this was agreed upon language with one of the contractors used. Mr. Frasier asked if the recommendations within the report would be followed-up on to determine implementation. Ms. Riley advised they would be included in implementation follow-up. Councilmember Suara stated that the outcome of the audits was much more procurement and process focused than anticipated. Councilmember Suara asked if the reports were supposed to look more at actual completion of work and work product by the vendors. Ms. Riley stated that the agreed upon audit program did not address completion of services and relied upon management's oversight

and knowledge that the work was completed. Councilmember Suara advised that a future audit of completion of services billed should be considered in the future.

Discussion on the Audit of the Drug Court of Metropolitan Nashville and Davidson County issued February 20, 2020

Ms. Riley summarized the scope, observations, and recommendations of the report. Mr. Frasier noted that many of the observations are significant, and he inquired if the Drug Court had an appropriate person in the accounting and fiscal management position. Ms. Hobson, Mr. Werner, and Mr. Townsend discussed the budget and work that is required of the Drug Court. They discussed the steps being taken to remediate the observations as well as comply with Metropolitan Nashville policies. Committee members expressed their appreciation for the work done by the Drug Court. Councilmember Suara inquired about the use of money orders by residents of the Drug Court. Ms. Hobson explained the process for residents that work in the community and the need for them to obtain money orders.

Discussion of the East Magnet Concessions Investigation issued March 5, 2020

Mr. Walker gave an overview of the allegation, work performed, and outcome of the investigation performed. No further questions were asked.

Discussion of the Metropolitan Nashville Public Schools Conflict of Interest Investigation issued April 6, 2020

Mr. Walker gave an overview of the allegation, work performed, and outcome of the investigation performed. No further questions were asked.

INTERNAL AUDIT PROJECT STATUS

On-going projects

Mr. Walker presented the current status of projects that the Office of Internal Audit is completing. Councilmember Druffel inquired about the length of time the planning phase takes. Mr. Walker explained the variable time frames of the different audit phases based on the scope of the audit. Councilmember Druffel stated the capital project related audits may be useful during Metropolitan Council budgeting. Mr. Walker and Ms. Riley advised that the two capital project related audit should be completed before the fall.

Recommendation Implementation Follow-Up Status

Ms. Riley explained that letters were sent out to departments on behalf of the Audit Committee and what the letters contained. Ms. Riley stated the initial response to the letters has been good, and that follow-up with departments that have not responded will begin in the next week.

OTHER ADMINISTRATIVE MATTERS

Mr. Walker discussed the 2020 budget status for the Office of Internal Audit.

Mr. Crumbo notified the Committee that he may need to have some special called meetings in the future to discuss Internal Audit completing projects around funding for current events. Mr. Reed noted that Ms. Costonis may be needed to determine how the Audit Committee will fulfill the requirement of doing a performance evaluation of the Metropolitan Auditor.

The next regularly scheduled meeting is June 23, 2020, at 4:00 p.m.

The public meeting adjourned after approximately 1 hour and 30 minutes.

The minutes for the April 22, 2020, Metropolitan Nashville Audit Committee meeting are respectfully submitted.

A handwritten signature in black ink that reads "Lauren Riley". The signature is written in a cursive, flowing style.

Lauren Riley, Metropolitan Nashville Auditor
Secretary, Metropolitan Nashville Audit Committee

Approved by the Metropolitan Nashville Audit Committee on June 23, 2020