

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
AUDIT COMMITTEE MEETING MINUTES
June 23, 2020

On Tuesday, June 23, 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
Thom Druffel, Council Member
Kevin Crumbo, Director of Finance

Others

Lauren Riley, Metropolitan Auditor
Theresa Costonis, Department of Law
Dell Crosslin, Crosslin
John Crosslin, Crosslin
David Hunt, Crosslin
Katie Farris, Crosslin
Erica Gilmore, Metropolitan Trustee Elect
Phil Carr, Chief Accountant
Susan Drye, Nashville Public Library
Bill Walker, Office of Internal Audit
Nan Wen, Office of Internal Audit

Committee Members Absent

Jim Shulman, Vice-Mayor
Zulfat Suara, Council Member

Quorum present? Yes

CALL MEETING TO ORDER

Mr. Reed called the meeting to order.

A **roll call** was conducted by Mrs. Riley. The following members were in attendance:

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

APPROVAL OF MINUTES

A **motion** to approve the April 22, 2020, meeting minutes as presented in the Metropolitan Nashville Audit Committee Workbook for June 23, 2020, was made and seconded. A roll call was conducted with the following votes:

- Brackney Reed - Yes

- Charles Frasier - Yes
- Kevin Crumbo - Yes
- Thom Druffel - Yes

The motion carried.

NEW BUSINESS

Discussion on former Councilmember Erica Gilmore's request for an audit of the Office of the Trustee received June 10, 2020.

Ms. Riley presented a request made by former Councilmember Erica Gilmore to conduct an audit of the Office of the Trustee. Ms. Gilmore will become the Metropolitan Trustee following the August 2020 election in which she is running unopposed. Ms. Gilmore requested an audit to identify any potential areas of improvement and to ascertain if the recommendations from previous audits have been implemented properly.

Councilmember Druffel inquired what the appropriate protocol was for these requests. Ms. Riley advised that the Audit Committee considers the request and will need to make a motion and vote on whether to add the request to the 2020 Audit Plan. Ms. Riley advised that the 2020 Audit Plan included a line item of audit hours designated for unforeseen requests; thus, the additional audit will not impact the Office of Internal Audit's ability to execute the existing plan.

A **motion** to approve adding an audit of the Office of the Trustee to the 2020 Audit Plan was made and seconded. A roll call was conducted with the following votes:

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

The motion carried.

Presentation of the Metropolitan Nashville Government Fiscal Year 2019 Letter of Recommendations to Management.

Mr. J. Crosslin summarized the results of the Fiscal Year 2019 Letter of Recommendations. Mr. J. Crosslin stated the report identified six deficiencies in internal controls. Mr. J. Crosslin noted that these six deficiencies were not considered material. Mr. J. Crosslin summarized the six internal control weaknesses identified in the report. Mr. J. Crosslin stated management concurred with each recommendation made.

Mr. Frasier inquired if reconciliations were done manually or electronically. Mr. J. Crosslin advised the new R-12 system has enhanced the ability to conduct electronic reconciliations. Mr. J. Crosslin also advised that the implementation of R-12, which occurred in September 2019, initially impacted the ability to conduct the reconciliations. Mr. Frasier asked if employees had the knowledge to perform reconciliations. Mr. J. Crosslin advised they do. Councilmember Druffel inquired if the Metropolitan Nashville Government engaged in internal financial audits. Mr. Crumbo advised the new R-12 system enhances that capability, and such audits are being explored.

A **motion** to approve the Fiscal Year 2019 Letter of Recommendations to Management was made and seconded. A roll call was conducted with the following votes:

- Brackney Reed - Yes

- Charles Frasier - Yes
- Kevin Crumbo - Yes
- Thom Druffel - Yes

The motion carried.

External auditor presentation FY 2020 Financial Audit Communications.

Mr. J. Crosslin summarized the upcoming external audit to be conducted for fiscal year 2020. Mr. J. Crosslin gave an 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.

Discussion on the Audit of the Nashville Public Library Building Security issued May 29, 2020

Ms. Riley summarized the objectives, observations, and recommendations for the audit. Mr. Frasier inquired if there is a process to track amounts recovered from lost library items. Ms. Drye responded that there is.

Metropolitan Auditor's Annual Performance Review.

Mr. Reed initiated a discussion on the requirement that the Metropolitan Audit Committee perform an annual performance review on the Metropolitan Auditor. Ms. Costonis advised that the Metropolitan Charter does require an evaluation be completed on an annual basis. However, there is no explicit requirement on when this is to be completed. Ms. Costonis suggested that since the current Metropolitan Auditor has only been in the position for two months that an evaluation be conducted at a later date. Ms. Costonis stated the review must be completed before the first anniversary of the Metropolitan Auditor's start date.

INTERNAL AUDIT PROJECT STATUS

On-going Projects

Ms. Riley gave a summary of projects currently in process. No additional questions followed.

Recommendation Implementation Follow-Up Status

Ms. Riley gave a status update of implementation follow-up. The Office of Internal Audit sent process owners a letter, at the Metropolitan Audit Committee's request, in March 2020 regarding the status of outstanding recommendations. A response was received for each outstanding recommendation. The number of outstanding recommendations has dropped from 157 to 66. For each closed recommendation, the Office of Internal Audit reviewed supporting documentation to determine if the recommendation appeared to be adequately addressed. Ms. Riley pointed out that the documentation provided was not audited. The Office of Internal Audit plans to audit a portion of implemented recommendations as part of the 2020 Audit Plan. Ms. Riley stated most of the older outstanding recommendations were a function of budgetary constraints. None of the 66 outstanding recommendations pertained to risk serious enough to raise concern. Moreover, departments are still working towards implementing the recommendations when budgetary constraints are no longer present.

Ms. Riley stated one change to the process will be that follow up will be initiated by specific recommendation implementation dates as opposed to a comprehensive follow up once every six months. This will allow the Audit Committee to be given a listing of outstanding recommendations at each meeting. A discussion ensued over the protocol involving inviting

entities to Audit Committee meetings. Mr. Reed noted this is a new and enhanced process over what has been done in the past.

Action Item: Mr. Reed asked that implementation follow up be an agenda item at each meeting so the committee can be kept up to date.

OTHER ADMINISTRATIVE MATTERS

Ms. Riley provided an update on status for the fiscal year 2020 budget for the Metropolitan Office of Internal Audit. Mr. Frasier inquired if COVID-19 had impacted the Office of Internal Audit. Ms. Riley advised the impact, financially and operationally has been minimal. Ms. Riley gave an update on the impact of the 2021 budget. Mr. Reed inquired if the budget for 2021 would impact operations. Ms. Riley stated she did not anticipate it would impact operations.

The next regularly scheduled meeting is September 8, 2020, at 4:00 p.m.

The public meeting adjourned after approximately 1 hour.

A **motion** was made for the Metropolitan Audit Committee to go into Executive Session and was seconded. A roll call was conducted with the following votes:

- Brackney Reed - Yes
- Charles Frasier - Yes
- Kevin Crumbo - Yes
- Thom Druffel – Yes

The motion carried.

The minutes for the June 23, 2020, Metropolitan Nashville Audit Committee meeting are respectfully submitted.



Lauren Riley, Metropolitan Auditor
Secretary, Metropolitan Nashville Audit Committee

Approved by the Metropolitan Nashville Audit Committee on September 8, 2020