

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
AUDIT COMMITTEE MEETING MINUTES
September 8, 2020

On Tuesday, September 8, 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
Zulfat Suara, Council Member
Kevin Crumbo, Director of Finance
Thom Druffel, Council Member
Jim Shulman, Vice-Mayor

Others

Lauren Riley, Metropolitan Auditor
Theresa Costonis, Department of Law
Dell Crosslin, Crosslin
John Crosslin, Crosslin
David Hunt, Crosslin
Katie Farris, Crosslin
Monique Odom, Metro Parks Department
Phil Carr, Chief Accountant
Tom Eddlemon, Department of Finance
Jeff Roberts, Election Commission
John Griffey, ITS
Scott Nalley, KraftCPAs
Erica Hightower, KraftCPAs
Bill Walker, Office of Internal Audit
Seth Hatfield, Office of Internal Audit
Nan Wen, Office of Internal Audit

Quorum present? Yes

CALL MEETING TO ORDER

Mr. Reed called the meeting to order.

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

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

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
- Zulfat Suara - Yes
- Jim Shulman - Yes

APPROVAL OF MINUTES

A **motion** to approve the June 23, 2020, meeting minutes as presented in the Metropolitan Nashville Audit Committee Workbook for September 8, 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
- Zulfat Suara - Yes
- Jim Shulman - Yes

The motion carried.

NEW BUSINESS

Metropolitan Nashville Audit Committee Annual Self-Assessment.

Ms. Riley discussed the annual self-assessment. The self-assessment is conducted by Office of Internal Audit staff and is required by the Metropolitan Nashville Audit Committee's bylaws. The self-assessment ascertains if the Metropolitan Nashville Audit Committee is in compliance with its established bylaws. All bylaw requirements were met except for one. The bylaws require that the Metropolitan Nashville Audit Committee meet three times during the year with the external auditor regarding the Consolidated Annual Financial Statements. The Metropolitan Nashville Audit Committee met twice. Ms. Riley stated the Metropolitan Nashville Audit Committee was on track to meet this bylaw for the current year.

Metropolitan Nashville Audit Committee and Metropolitan Nashville Office of Internal Audit Bylaws annual review.

Ms. Riley advised the Metropolitan Nashville Audit Committee is required to review and approve the Metropolitan Nashville Office of Internal Audit and the Metropolitan Nashville Audit Committee bylaws annually. Copies of both bylaws were submitted to committee members prior to the meeting. Mr. Reed asked if any changes were made from the previous year. Ms. Riley advised no changes had been made. Councilmember Druffel inquired if the recommendation follow-up protocol should be included in the bylaws. A discussion ensued and committee members agreed the bylaws included high level guidance and specific protocol should be documented in an internal policy.

A **motion** to approve the Metropolitan Nashville Office of Internal Audit Bylaws and the Metropolitan Nashville Audit Committee Bylaws 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
- Zulfat Suara - Yes
- Jim Shulman - Yes

The motion carried.

Discussion on the Centennial Sportsplex Cash Shortage Investigation issued July 24, 2020.

Mr. Walker summarized the specific allegations, work performed, and conclusions. Councilmember Druffel asked if a communication would go into a personnel file noting what had happened in case there was a future occurrence. Ms. Odom stated one staff member did not follow proper procedures. Specifically, a supervisor did not participate in the two-person count of the safe even though they signed documentation asserting they had. Ms. Odom advised this staff member had a reprimand placed into his personnel file. Vice Mayor Shulman inquired if there were any safeguards in place to ensure there is not too much cash on hand at any one time. Ms. Odom advised Metropolitan Park Police pick up revenue collections daily for deposit.

Discussion on the Audit of the Metro Parks and Recreation Department's Relationships with Nonprofits issued August 17, 2020.

Bill Walker summarized the objectives, observations, and recommendations for the audit. Mr. Frasier noted that not collecting financial information was a critical component and important.

Discussion on the Audit of the Finance Department Treasury Collections Office issued September 3, 2020.

Ms. Riley summarized the objectives, observations, and recommendations for the audit. Councilmember Suara noted the observations were concerning, and she wished to place particular emphasis on the critical nature of ensuring the completeness of collections. Mr. Frasier concurred with Councilmember Suara's comments. Mr. Eddlemon stated that he agreed with all the recommendations in the report. Mr. Eddlemon stated the Treasury Collections Office is in the process of implementing a new system which will address many of the recommendations.

Vice Mayor Shulman asked if taxpayers submitted payments primarily through the mail or electronically. Mr. Eddlemon advised currently payments are only received through the mail or in person. The new system being implemented will allow taxpayers to submit payments electronically. Mr. Eddlemon stated this will be helpful due to the overwhelming amount of mail received and the limited staffing. Mr. Reed asked if a timeline would be set to follow up on recommendations. Ms. Riley advised stated the Treasury Department had set implementation dates in the near future, and once implemented, a follow-up audit would occur.

Discussion on the Audit of the Davidson County Election Commission Operations.

Ms. Riley summarized the objectives, observations, and recommendations for the audit. Mr. Frasier asked if mail in ballots were within the scope of the audit. Ms. Riley advised the scope focused on compliance with applicable laws, regulations, and procedures, and mail in ballots were not included.

Discussion on the Audit of the Davidson County Election Commission Information Systems.

Mr. Nalley summarized the objectives, observations, and recommendations for the audit. Mr. Frasier inquired if test work included tracing voting data through the system. Mr. Nalley stated this was not done. Mr. Nalley stated test work focused on ensuring proper restrictions and safeguards were in place. Additionally, test work looked to ensure compliance with applicable state laws and regulations.

Councilmember Suara inquired about recommendations classified as medium risk and recommendations only partially accepted by the Davidson County Election Commission. Specifically, does this imply voter information is at risk and that the Davidson County Election Commission is not in compliance with applicable laws and regulations. Mr. Nalley advised voter information is not extremely vulnerable. Most voter information retained is public information. The medium risk classification is a function of certain State of Tennessee requirements not being met which inherently enhances the level of risk. Governmental entities are also more exposed to reputational risk. Meeting the requirements set by the State of Tennessee helps reduce reputational risk. Mr. Nalley concluded by saying there are some vulnerabilities related to voter information and there is room for improvement, but the vulnerabilities are not overly concerning.

Vice Mayor Shulman noted that one of the recommendations in the report had an implementation date that had already occurred. Vice Mayor Shulman inquired if the recommendation has been implemented. Mr. Roberts advised the recommendation had been implemented.

OTHER ADMINISTRATIVE MATTERS

Ms. Riley provided an update on the status of recommendation follow-up. Specifically, 18 recommendation implementation dates came due since the last Metropolitan Nashville Audit Committee meeting. These include high risk recommendations involving Nashville General Hospital and the Architecture & Engineering Vendor Audits. Ms. Riley advised follow up audits will be conducted.

Ms. Riley noted that Councilmember Angie Henderson was organizing a meeting to look at what actions have been taken by applicable departments on issues identified in the Collier Investigation and Architectural and Engineering Vendor Audits. Ms. Riley has been requested to participate in the presentation. Councilmember Suara noted that she will file four pieces of legislation that relate to the Collier Investigation and Department of Finance Procurement Division.

The next regularly scheduled meeting is November 24, 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
- Zulfat Suara - Yes
- Jim Shulman - Yes

The motion carried.

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The minutes for the September 8, 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 Auditor
Secretary, Metropolitan Nashville Audit Committee

****Approved by the Metropolitan Nashville Audit Committee on November 24, 2020****