

**METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
AUDIT COMMITTEE MEETING MINUTES
November 24, 2020**

On Tuesday, November 24, 2020, at 4:00 p.m., the Metropolitan Nashville Audit Committee met via a WebEx video meeting 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
Phil Carr, Chief Accountant
John Crosslin, Crosslin
Dell Crosslin, Crosslin
Mike Leonard, Dept. of General Services
Mark North, Metro Nashville Public Schools
David Proffitt, Metro Nashville Public Schools
Casey Megow, Metro Nashville Public Schools
Laura Henry, Office of Internal Audit
Seth Hatfield, Office of Internal Audit
Innocent Dargbey, Office of Internal Audit
Bill Walker, 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
- Kevin Crumbo
- Thom Druffel
- Zulfat Suara
- Jim Shulman

A **motion** to conduct the meeting using a WebEx video format because it was necessary to protect the safety and welfare of Tennesseans due to the COVID-19 pandemic and to conform to Governor Bill Lee's Executive Order Number 60 was made, seconded and carried. Specifically, a roll call was conducted with the following votes:

- Brackney Reed - Yes
- Kevin Crumbo - Yes
- Thom Druffel – Yes
- Zulfat Suara - Yes
- Jim Shulman - Yes

APPROVAL OF MINUTES

Mr. Reed inquired about acceptance or changes to the draft September 8, 2020, Audit Committee meeting minutes. Councilmember Suara stated there was an error in the minutes. The draft minutes stated she had already submitted four legislations related to the Collier report. Councilmember Suara advised it should read that she will submit four filings as they had not all been filed as the draft minutes implied. Ms. Riley stated she would modify the minutes accordingly. A **motion** to approve the presented September 8, 2020, Metropolitan Nashville Audit Committee meeting minutes with corrections, was made and seconded. A roll call was conducted with the following votes:

- Brackney Reed - Yes
- Kevin Crumbo - Yes
- Thom Druffel – Yes
- Zulfat Suara - Yes
- Jim Shulman - Yes

The motion carried.

NEW BUSINESS

Discussion on Director of Metropolitan Water Services, Scott Potter's request for an audit of the Metropolitan Water Services Meter Reading and Billing received September 9, 2020.

Ms. Riley provided an overview of the request, scope, and timing of the audit. Councilmember Druffel inquired if an analysis would be conducted identifying the increase in overall collections due to the recent rate increase. The purpose of this analysis would be to explore the possibility of lowering rates if revenues exceeded projections. Mr. Crumbo advised that rates are something that were agreed upon with the State of Tennessee as part of addressing the Metropolitan Nashville Government's financial issues. These rates are regulated. Changes in rates may be limited. This would need to be researched.

Councilmember Suara inquired if the audit would include the collections process since collections could be impacted by the rate changes. Ms. Riley stated currently collections was not included. Ms. Riley noted the Office of Internal Audit had conducted an audit of this area in the past and not much had changed. Concern appeared to be primarily focused on the accuracy of the billing process. Since there was a sense of urgency to look into this matter, the collections process was initially scoped out. Ms. Riley advised collections could be placed back into the scope. Councilmember Suara stated the collection process should be undertaken within the audit.

Mr. Reed inquired how this would impact the approved Annual Audit Work Plan. Ms. Riley requested this audit be substituted for a planned audit of the Metro Water Services Stormwater billing and revenue collections process.

A **motion** to approve amending the Metropolitan Office of Internal Audit's Approved Audit Plan by removing the Metropolitan Water Services Stormwater Billing and Revenue Collections audit and adding the Metropolitan Water Services Meter Reading, Billing, and Collections audit was made and seconded. A roll call was conducted with the following votes:

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

- Zulfat Suara - Yes
- Jim Shulman - Yes

The motion carried.

Mr. Frasier entered the meeting at approximately 4:20 p.m.

Discussion on the Metropolitan Nashville Public Schools Capital Projects Process issued September 9, 2020.

Ms. Riley summarized the objectives, observations, and recommendations for the audit. Councilmember Suara asked why the prevailing wages recommendation was rejected. Mr. North advised Metropolitan Nashville Public Schools has a different procurement process than the General Metropolitan Nashville Government. Mr. North advised it will take some internal discussions before a decision is made. Mr. Proffitt added they read the response as either accept or reject. They did not want to formally accept a recommendation they may not implement.

Councilmember Suara inquired about vendors that were selected outside the public bidding process. Councilmember Suara asked how the vendors were selected and if there appeared to be any conflicts. Mr. Proffitt advised the vendors noted in the report were selected prior to his tenure. Processes have changed to ensure solicitations are conducted through the public bidding process.

Councilmember Suara inquired about the recommendation pertaining to the project management system utilized by Metropolitan Nashville Public Schools. Specifically, did the Metropolitan Nashville Public Schools have a software system. Mr. Proffitt advised they do have one and will work through the budget process to obtain funding to enhance the existing system. Councilmember Suara noted the Metropolitan Council was reviewing a resolution related to computer funds in the Metropolitan Nashville Public Schools Capital Spending Plan that may now be reimbursed by the CARES Act funding. Councilmember Suara recommended these capital spending funds, if reimbursed, might be a good source of software funding since project management software is important in ensuring proper valuation of projects.

Councilmember Druffel inquired if construction costs were being incurred before applicable funding was approved. Councilmember Druffel also asked if cost estimates were being completed within the appropriate time frames. Mr. Proffitt advised construction does not occur until funding has been secured. Budget estimates are also completed before funding has been secured.

Vice-Mayor Shulman inquired about the prevailing wage rates and what is the process for changing the specific rates. Mr. North advised any changes would be discussed internally and presented to the Metropolitan Nashville School Board. Mr. North stated he would need to research whether any change required the Metropolitan Nashville School Board's approval.

Action Item: Vice-Mayor Shulman requested Mr. North inform him once Mr. North's research is complete.

Discussion on the Audit of the Davidson County Criminal Justice Center Construction Project issued November 4, 2020.

Mr. Walker summarized the objectives, observations, and recommendations for the audit.

Councilmember Druffel inquired if community meetings were held in determining moving the original location of the construction site from the Harding Road location to downtown. Vice-Mayor Shulman stated to his knowledge there were multiple community engagements and discussions. Councilmember Druffel stated the increase in the original budget was large. Councilmember Druffel asked if the scope drove the increase or the spending. Mr. Walker advised the scope generally drove the increase.

Councilmember Suara inquired if the Department of Finance or the individual departments was involved in setting policies regarding the recommendations. Councilmember Suara asked, if it is set at the department level, should the Department of Finance be involved to ensure consistency. Mr. Walker advised the departments have greater knowledge on the day to day activities. Councilmember Suara advised having a checklist that could be applied to various departments to ensure consistency would be helpful.

Mr. Frasier asked about the \$5.8 million needed subsequent to the keys being turned over to the Davidson County Sheriff's Office. Mr. Frasier inquired on what this amount was used. Mr. Walker stated while the keys were turned over the project was not complete and additional finishing work needed to be done. Additional issues came up that had to be addressed. This amount would be audited in a follow up audit sometime in 2021.

Vice-Mayor Shulman inquired about people being allowed on the site who should not have been. Vice-Mayor Shulman inquired if this was something that showed up in the audit. Mr. Walker advised the audit looked at established criteria and the onsite issues were not included.

OTHER ADMINISTRATIVE MATTERS

Ms. Riley provided an update on the status of recommendation follow-up. Ms. Riley also discussed the new formal internal policies and procedures related to how implementation follow-up will be conducted. No discussion ensued.

Ms. Riley summarized the budget status for Office of Internal Audit. No discussion ensued.

Ms. Riley summarized current project status. No discussion ensued.

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

The public meeting adjourned after approximately 1 hour and 10 minutes.

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
- Kevin Crumbo - Yes
- Thom Druffel – Yes
- Zulfat Suara - Yes
- Jim Shulman – Yes
- Charles Frasier - Yes

The motion carried.

The minutes for the November 24, 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 January 11, 2021