

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
AUDIT COMMITTEE MEETING MINUTES
June 28, 2022

On Tuesday, June 28, 2022, at 4:00 p.m., the Metropolitan Nashville Audit Committee met in the Metropolitan Courthouse, 2nd Floor, Committee Room 2. The following people attended the meeting:

Committee Members

Brackney Reed, Chamber of Commerce
Tom Bates, Tennessee Society of CPAs
Sharon Hurt, Council Member
Jim Shulman, Vice Mayor
Kyonzte Toombs, Council Member

Committee Member Absent

Kelly Flannery, Director of Finance

Others

Lauren Riley, Metropolitan Auditor
Theresa Costonis, Department of Law
John Crosslin, Crosslin
David Hunt, Crosslin
Jenneen Kaufman, Metro Finance
Stephen Martini, Emergency Communications
Erica Gilmore, Office of the Trustee
Eugene Hampton, Office of the Trustee
Mitzi Cripps, Office of the Trustee
Amanda Deaton-Moyer, Metro Water Services
Julie Groves, Nashville General Hospital
Seth Hatfield, Office of Internal Audit

Quorum present? Yes

CALL MEETING TO ORDER

Mr. Reed called the meeting to order.

APPROVAL OF MINUTES

A **motion** to approve meeting minutes for April 7, 2022, was made, seconded, and carried.

A **motion** to approve meeting minutes for April 12, 2022, was made, seconded, and carried.

NEW BUSINESS

External Audit Plan for the year ended June 30, 2022

Mr. Crosslin summarized the audit plan for the year ended June 30, 2022. The areas covered included the team members assigned, responsibilities of auditors and of management, independence, fraud risk, audit methodology and approach, the timeline for the audit, and expected deliverables. Councilmember Hurt inquired about the timelines presented, and Mr. Crosslin explained breaks in certain timelines.

Investigation of the Trustee's Office Cash Shortage Issued May 31, 2022

Ms. Riley explained the Trustee requested an investigation after a cash shortage was discovered in mid-February. After the start of the investigation another cash shortage was discovered. The investigation included conducting interviews, walkthroughs of cash processes, reviewing of security camera footage, and cash reconciliations for the days the shortages occurred. Ultimately, the reason for shortage could not be determined due to a lack of internal controls. The investigation concluded with eight recommendations. All recommendations were accepted by Trustee Gilmore, and she confirmed all but one recommendation have been implemented.

A question was asked as to whether an amount keyed in error could have been the cause. Mr. Hampton explained that an upgrade to their system was requested which would have require

the employee to type cash totals twice to protect against possible keying errors in the future. Mr. Reed inquired about total collections for the day and if this was due to the timing. Trustee Gilmore provided overall daily totals and explained that it was due to peak collection times on the dates of the shortages. Councilmember Hurt commended the Trustee's Office for following correct reporting protocols immediately after discovery of the shortages.

Audit Recommendations Follow-up – Audit of the Emergency Communications Center issued June 9, 2022

Mr. Hatfield summarized the results of the follow-up audit. One recommendation was implemented, and one recommendation was partially implemented with full implementation expected by October 2022. Councilmember Hurt and Vice Mayor Shulman commended the work of the Emergency Communications Center.

Audit of Metro Water Service Revenue Collection Process issued June 16, 2022

Ms. Riley summarized the objectives, observations, and recommendations of the report. A question was asked regarding the collections not safeguarded. Ms. Riley confirmed that all checks made it to the bank; the observation was to ensure checks were secured until they are deposited.

OLD BUSINESS

Acceptance of the Metropolitan Nashville Government Fiscal Year 2021 Schedule of Expenditures of Federal and State Awards and Reports Required by the Single Audit Act as Amended and the Uniform Guidance

Ms. Kaufman answered an inquiry from the previous meeting regarding how much interest has been earned from CARES Act funding and how those funds will be used. The interest earned must be used on eligible expenses. Councilmember Hurt inquired about what were eligible expenses. Councilmember Hurt made the statement the CARES Act funding should be distributed to the communities for which the act was created. Mr. Hunt commented that CARES Act funding is considered high risk and is included in the external audit. Councilmember Hurt expressed concerns about the equitable distribution of funds. Ms. Kaufman stated she would defer to Mary Jo Wiggins, the Finance Deputy Director overseeing the CARES Act funding, as to how exactly the funds would be distributed.

A **motion** to accept the Metropolitan Nashville Government Fiscal Year 2021 Schedule of Expenditures of Federal and State Awards and Reports Required by the Single Audit Act as Amended and the Uniform Guidance was made, seconded, and carried.

Acceptance of the Metropolitan Nashville Government Fiscal Year 2021 Letter of Recommendations to Management

Ms. Riley stated no questions were received related to the document. No additional questions or discussion was had.

A **motion** to accept the Metropolitan Nashville Government Fiscal Year 2021 Letter of Recommendations to Management was made, seconded, and carried.

Discussion on the Metropolitan Auditor 2022 recruitment and appointment process for the term July 1, 2022, through June 30, 2030.

Mr. Reed noted the Metropolitan Council confirmed the recommended, ranked listing for Metropolitan Auditor on April 19, 2022. Mr. Reed stated this meant Lauren Riley would be the Metropolitan Auditor. Mr. Reed noted the final step for the process was to determine the employment letter for Ms. Riley to sign. Ms. Riley provided the letter signed in May 2020 for reference and noted some recommended changes. A discussion was held about the

amendment of Ms. Riley's employment letter to include annual cost-of-living adjustments and merit adjustments annually.

A **motion** to amend the employee letter for Lauren Riley, Metropolitan Auditor, to include the eligibility of annual cost-of-living adjustments and merit adjustments was made, seconded, and carried.

Members concurred that Ms. Riley should be eligible for the 4.5 percent cost-of-living increase. Mr. Reed noted that in the previous year, the Finance Director looked into the merit increases of comparable departments. Additionally, the Finance Director had recommended using the average of the merit increases for the Office of Internal Audit. Mr. Reed inquired about the average merit increase for the Office of Internal Audit. Ms. Riley stated the average of eligible employees was almost 3 percent as some receive more and some less. Discussion was held about whether to increase the current salary of Ms. Riley with the annual cost-of-living adjustment of 4.5 percent and an additional merit increase of 3 percent.

A **motion** to increase the current salary of Lauren Riley, Metropolitan Auditor, with a cost-of-living adjustment of 4.5 percent and an additional merit increase of 3 percent to begin on July 1, 2022, was made, seconded, and carried.

Discussion on the Investigation Report on Allegations of Nashville General Hospital issued December 1, 2021

Ms. Riley requested to defer the discussion until the next meeting. Councilmember Hurt inquired on how to get this item off the agenda. Ms. Riley noted she recently met with Ms. Groves, and all work should be completed by the next meeting if documentation is provided. Ms. Groves stated this was her goal. The agenda item was deferred.

OTHER ADMINISTRATIVE MATTERS

On Going Projects, Recommendation Implementation, FY2022 Budget Status

Ms. Riley informed the committee that all budget requests for the FY2023 were approved and two more auditors will be recruited.

Executive Session

Mr. Reed inquired if there was a need to go into Executive Session. Ms. Riley advised no.

The next regularly scheduled meeting is September 13, 2022, at 4:00 p.m.
The public meeting adjourned after approximately 45 minutes.

The minutes for the June 28, 2022, 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 13, 2022