

**METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY**  
**AUDIT COMMITTEE MEETING MINUTES**  
**September 13, 2022**

On Tuesday, September 13, 2022, at 4:00 p.m., the Metropolitan Nashville Audit Committee met in the Metropolitan Courthouse, 2<sup>nd</sup> Floor, Committee Room 2. The following people attended the meeting:

Committee Members

Kyonzte Toombs, Council Member  
Kelly Flannery, Director of Finance  
Sharon Hurt, Council Member  
Jim Shulman, Vice Mayor

Others

Lauren Riley, Metropolitan Auditor  
Theresa Costonis, Department of Law  
Courtney Johnston, Council Member  
Jenneen Kaufman, Metro Finance  
Jennifer Kraus, Channel 5 News  
Brittany Hayes, Circuit Court Clerk's Office  
Jannika Newsom, Circuit Court Clerk's Office  
Tracy Cartwright, Circuit Court Clerk's Office  
Andre Walton, Circuit Court Clerk's Office  
Ashley Brown, Planning Department  
Gina Emmanuel, Housing Trust Fund  
Angela Hubbard, Planning Department  
Kevin Edwards, MNPS  
Nicki Eke, Department of Law  
Courtney Mohan, Department of Law  
Benton McDonough, Beer Board  
Julie Groves, Nashville General Hospital  
Bill Walker, Office of Internal Audit  
Seth Hatfield, Office of Internal Audit  
Innocent Dargbey, Office of Internal Audit

Committee Members Absent

Brackney Reed, Chamber of Commerce  
Tom Bates, Tennessee Society of CPAs

Quorum present? Yes

**CALL MEETING TO ORDER**

Vice Mayor Shulman called the meeting to order. Vice Mayor Shulman noted both the Chair and Vice Chair were absent. A **motion** to approve Vice Mayor Shulman as the acting Chair for the meeting was made, seconded, and carried.

**APPROVAL OF MINUTES**

A **motion** to approve meeting minutes for June 28, 2022, was made, seconded, and carried.

**NEW BUSINESS**

Council Member Johnston's request for an audit of the Community Foundation

Ms. Riley stated in August 2022, Council Member Johnston requested an audit of the Community Foundation receipts and disbursements related to four specific disasters. Funds were collected under a memorandum of understanding (MOU) between the Metropolitan Nashville Government and the Community Foundation. Ms. Riley explained the MOU was signed in 2012 and does not contain specific clauses found in more current contract templates. Metro Legal's advice was requested. Ms. Costonis stated the MOU should be treated like a

contract. Metro Legal believed the Office of Internal Audit has authority to perform this requested audit.

Ms. Riley stated while reviewing the request, the office discovered some work performed by the Office of Financial Accountability. During the work, the Community Foundation offered to have their external auditors perform agreed upon procedures at their expense. Ms. Riley stated the options would be a full audit or agreed upon procedures. Ms. Riley explained the difference between the two options.

Vice Mayor Shulman recognized Council Member Johnston. Council Member Johnston told the committee her constituents complained no assistance was provided to them, and they had concerns over the accountability of these funds. She stated she could not get the foundation to provide any details, only a high-level report, and reiterated her request for a full audit and not the agreed upon procedures.

Council Member Hurt asked for additional clarification between the two options, and Ms. Riley provided the details requested. Ms. Costonis added the opinion that Metro Nashville had the right to perform the audit under the general clause that Metro Nashville entities and contractors were subject to audits. Council Member Toombs stated she would like a full audit given that the Metro Nashville Government gave the Community Foundation credibility as the main partner to coordinate with during disasters. Vice Mayor Shulman agreed and explained that during emergencies Metro Nashville requests the community to donate to the Community Foundation directly, which makes accountability important.

A discussion ensued on how to proceed. Council Member Hurt stated the Community Foundation should pay for a full audit done by someone other than their external auditors. Council Member Hurt noted having the audit performed by the Office of Internal Audit puts a burden on the department. Ms. Riley stated the Office of Internal Audit has three consultants on contract, two of which could potentially perform the work. Members discussed allowing the Community Foundation to select an existing contractor.

Vice Mayor Shulman disclosed that he holds a position with Safe Haven, which participated in "The Big Pay Back" program with the Community Foundation. Council Member Hurt disclosed she used to hold a position with Jefferson Street United Merchant Partnership and is currently with Street Works which both also received similar funding from the Community Foundation.

A **motion** with two parts was made:

- a) to have the Community Foundation select one of the two consultants on contract with the Office of Internal Audit to perform a full Yellow Book audit at the Community Foundation's expense but under the direction of the Office of Internal Audit,
- b) and if the foundation refuses the request, to have the Office of Internal Audit perform the audit

was made, seconded, and carried.

#### Transitional audit request from the Circuit Court Clerk

Ms. Riley stated in September 2022, a request for a transitional audit was sent by new Circuit Court Clerk John Day. A discussion ensued on how this request might impact the annual audit plan. Ms. Riley recommended the Circuit Court Clerk audit replace the Criminal Court Clerk audit on the current audit plan. She stated the Criminal Court Clerk audit be moved to next year's audit plan.

A **motion** to amend the 2022 Annual Audit Plan by removing the Criminal Court Clerk audit and adding the Circuit Court Clerk audit was made, seconded, and carried.

#### Audit of the Barnes Housing Trust Fund

Mr. Hatfield summarized the objectives, observations, and recommendations of the report. Council Member Hurt stated grass-roots organizations should be on an equal playing field as the other top-tier organizations as they become more established. She stated she did not see reporting on the 20% of funds to minority and small businesses. Ms. Browne explained there is a list she can provide that shows even more funds are going to these vendors currently.

#### Audit Recommendations Follow-up – Audit of the Nashville Beer Board

Ms. Riley explained there were originally five audit observations, and four were fully implemented. The one open recommendation had since been implemented and would be reviewed after operating for a few months.

#### Audit of Metropolitan Nashville Public Schools Procurement Process

Mr. Walker summarized the objectives, observations, and recommendations. Council Member Hurt noted the report lists 13% of procurements were going to diversity business enterprise vendors. She stated more procurement should be targeted to these vendors so they can move from 2<sup>nd</sup> tier contractors to primary contractors. Council Member Hurt stated that 13% was an improvement over the past years. Mr. Edwards noted steps being taken by MNPS to improve the participation by diversity business enterprises in the procurement process.

#### Audit of the Davidson County Agricultural Extension Office

Ms. Riley summarized the objectives, observations, and recommendations. No discussion ensued.

#### Annual Audit Committee Self-Assessment

Ms. Riley informed the committee of the self-assessment process and explained that all required aspects of the self-assessment were met. No discussion ensued.

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

Ms. Riley informed the committee of the periodic requirement to review the bylaws for the Metropolitan Audit Committee and the Office of Internal Audit. Discussion ensued and no changes were requested. Ms. Costonis and Ms. Riley stated changes could be made to the bylaws at any time of the year if needed.

A **motion** to approve both the Metropolitan Audit Committee bylaws and the Office of Internal Audit bylaws was made, seconded, and carried.

#### Discussion of the Metropolitan Auditor's Performance Review

Ms. Costonis provided a brief overview of the evaluation process for the Metropolitan Auditor. She provided the Audit Committee's review results of the auditor's performance. Mr. Walker went through the results of the Office of Internal Audit's staff survey of the Metropolitan Auditor's performance. No discussion ensued.

### **OLD BUSINESS**

#### Investigation Report on Allegations of Nashville General Hospital

Item was deferred until the next meeting.

**INTERNAL AUDIT PROJECT STATUS**

Annual Audit Plan Status

Ms. Riley updated the committee on activities surrounding the follow up of prior audit observations and audits in progress. Ms. Flannery inquired about the scope of the COVID funds audit since MNPS and other entities were also involved. Ms. Riley noted the audit was currently planned to include MNPS and WeGo. The audit was currently focusing on General Metro Government since the main contact would soon be going on leave. No further discussion ensued.

**OTHER ADMINISTRATIVE MATTERS**

Annual Budget

Ms. Riley informed the committee of the status of the budget and no further discussion ensued.

Executive Session

Vice Mayor Shulman inquired if there was a need for an executive session. Ms. Riley stated there was a need. A **motion** to go into Executive Session was made, seconded, and carried.

The next regularly scheduled meeting is November 8, 2022, at 4:00 p.m.  
The public meeting adjourned after approximately an hour and a half.

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The minutes for the September 13, 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 November 8, 2022***