

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
AUDIT COMMITTEE MEETING MINUTES
June 27, 2023

On Tuesday, June 27, 2023, 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

Tom Bates, Tennessee Society of CPAs
Kelly Flannery, Director of Finance
Sharon Hurt, Council Member
Kyonzte Toombs, Council Member
Jim Shulman, Vice Mayor

Others

Lauren Riley, Metropolitan Auditor
Theresa Costonis, Department of Law
Seth Hatfield, Office of Internal Audit
John Crosslin, Crosslin
David Hunt, Crosslin
Katie Farris, Crosslin
Jenneen Kaufman, Finance
Erica Haber, Department of Law
Amanda Deaton-Moyer, Metro Water
Andrew Walczak, Metro Water
Sean McGuire, MNPS
Sarah Chin, MNPS
April Calvin, Office of Homeless Services
Sally Lott, Office of Homeless Services

Quorum present? Yes

CALL MEETING TO ORDER

Mr. Bates called the meeting to order.

APPROVAL OF MINUTES

A **motion** to approve meeting minutes for February 14, 2023, was made, seconded, and carried.

Annual election of Metropolitan Audit Committee Chairman and Vice Chairman

Mr. Bates stated elections of a Chairman and Vice Chair should occur annually. Ms. Riley noted the position appointed by the Chamber of Commerce was still vacant since the departure of Mr. Brackney Reed. A discussion ensued around uncertainty of members due to upcoming elections. Ms. Costonis stated the Vice Chair position could be left vacant, but in the event that the Chair is absent from future meetings, the quorum of members at the meetings must elect a Chair to lead the one meeting.

A **motion** for Mr. Bates to serve as Chairman was made, seconded, and carried.
The Vice Chair position remained vacant.

NEW BUSINESS

Presentation of the Metropolitan Nashville Government Fiscal Year 2022 Schedule of Expenditures of Federal and State Awards and Reports Required by the Single Audit Act as Amended and the Uniform Guidance.

Ms. Farris presented an overview and summary of the results. Ms. Farris noted no material weaknesses were identified, and she briefly discussed the significant deficiencies identified.

Councilmember Hurt inquired if the procedures performed looked into stormwater fees as she had received constituent complaints about stormwater recently. Ms. Farris noted the current document of discussion covered federal awards. Mr. Hunt and Mr. Crosslin added the financial statement audit presented in December would cover the stormwater fees and usage. Ms. Deaton-Moyer noted the processes in place for stormwater fee usage. She offered to look into the complaints, and Councilmember Hurt noted they had been forward to Metro Water Services. Mr. Bates inquired about the MNPS significant deficiency. Mr. McGuire noted it had been remediated. Councilmember Hurt asked about the Trustee theft noted in the report. Ms. Riley discussed the results of the investigation performed by Internal Audit.

A **motion** to accept the Metropolitan Nashville Government Fiscal Year 2022 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.

Presentation of the Metropolitan Nashville Government Fiscal Year 2022 Letter of Recommendations to Management

An overview and summary of the results was presented. Ms. Farris noted the significant deficiencies within the letter were the same as presented in the preceding agenda item. No discussion ensued.

A **motion** to accept the Metropolitan Nashville Government Fiscal Year 2022 Letter of Recommendations to Management was made, seconded, and carried.

Discussion of the External Audit Plan for the year ended June 30, 2023

Mr. Crosslin summarized the audit plan for the year ended June 30, 2023. 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 noted the strong reputations of the additional small and minority owned businesses included in the upcoming audit work. She inquired if Crosslin had internships. A short discussion ensued around recruiting and internships. No further questions were asked.

Discussion on Vice Mayor Shulman's audit request of Metropolitan Council Legislation Results and Monitoring

Ms. Riley noted the proposed audit was briefly discussed at the February 14, 2023, meeting when the annual audit plan was approved. Since the meeting, Ms. Riley had discussed the scope and potential objectives of the audit with the Vice Mayor and was prepared to include it in the audit plan. Ms. Riley briefly went over the proposed plan and scope of the audit. Ms. Flannery asked for additional scoping information. Mr. Bates inquired about the expected outcome. Vice Mayor Shulman added the goal of the proposed audit.

A **motion** to add the audit to the 2023 Annual Audit Work Plan was made, seconded, and carried.

Discussion on the Audit of Metropolitan Nashville Homeless Impact Division

Mr. Hatfield summarized the objectives, observations, and recommendations of the report. Councilmember Hurt noted the use of percentages on the background tables would be beneficial. Ms. Calvin stated she could provide these to Councilmember Hurt. A question was raised if the missing HUD policies were being performed and just not documented. Ms. Lott noted many were being performed and not documented, but some procedures had been added.

Vice Mayor Shulman inquired about missing meeting minutes. Ms. Calvin noted the minutes were on a personal laptop of the prior director, and MHID did not have access to them.

Discussion on the Audit Recommendations Follow-Up – Juvenile Court Clerk Collections and Victim’s Trust Account Management

Ms. Riley summarized the objectives, observations, and recommendations of the report. Ms. Riley noted four recommendations were still partially or fully open, and she discussed the reasons. Mr. Bates inquired if follow-up would be done on open recommendations. Ms. Riley stated follow-up would occur, but an additional report may not be issued. No questions or discussion occurred.

Discussion on the Audit Recommendations Follow-Up – Trustee’s Office Audit

Mr. Hatfield summarized the objectives, observations, and recommendations of the report. All recommendations were implemented. No questions or discussion occurred.

Discussion on the Investigation Recommendations Follow-Up – Trustee’s Office Investigation

Mr. Hatfield summarized the objectives, observations, and recommendations of the report. All but one recommendation were implemented. Mr. Hatfield explained the reason for the recommendation to count large sums during the day. A discussion ensued about large sums paid in cash and the controls and security around them. No further questions or discussion occurred.

Metropolitan Auditor’s annual performance review

Mr. Bates noted that the performance review is behind due to the cancelation of the April 2023 meeting. Mr. Bates went through the previous process where committee members each fill out a review and inquired if the committee would like to continue the process. A discussion ensued around how the review would be done with the change in committee members due to elections. Members decided to schedule a meeting in July to go through the performance review. Ms. Riley stated she would schedule the meeting.

PROJECT STATUS

Internal Audit Project Status

Ms. Riley presented the status of audits and open recommendations. No further discussion ensued.

ADMINISTRATIVE MATTERS

Other Administrative Matters

Ms. Riley briefly discussed the state of the department’s budget. Ms. Riley informed the committee about Innocent Dargbey, Senior Auditor, leaving the department to become Payroll Manager in Metro Finance. Ms. Riley noted the department hired two Auditor 1s, Justine Cunningham and Jeremy Waldorf. Ms. Riley stated the department hopes to post the two remaining positions at the end of the year.

Ms. Costonis went over the new State law affecting public meetings of governing bodies. Ms. Costonis noted all meetings after July 1, 2023, would require a public comment period. Ms. Costonis stated the Audit Committee could set parameters around the public comment period. A discussion ensued around the appropriate total length of public comment period, number of

speakers, length per speaker, and sign-up requirement. The Committee decided to set parameters for the first meeting.

A **motion** was made to set public comment parameters for the next scheduled meeting at:

- Comment period at the beginning of the meeting,
- A total of 16 minutes for public comment,
- A maximum of 8 speakers each allowed 2 minutes to speak,
- Sign-up will be done on a sign-up sheet at the meeting.

The motion was made, seconded, and carried.


End of Meeting

A **motion** to adjourn the public meeting was made, seconded, and carried.

The public meeting adjourned after approximately 1 hour and 15 minutes.

The next regularly scheduled meeting is September 12, 2023.

The minutes for the June 27, 2023, 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 August 28, 2023