

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
AUDIT COMMITTEE MEETING MINUTES
April 9, 2024

On Tuesday, April 9, 2024, at 4:00 p.m., the Metropolitan Nashville Audit Committee met in the Metropolitan Courthouse, 2nd Floor, Committee Room 1. The following people attended the meeting:

Committee Members

Angie Henderson, Vice Mayor
Kevin Crumbo, Director of Finance
Courtney Johnston, Council Member
Burkley Allen, Council Member
Matthew Scanlan, Chamber of Commerce

Others

Lauren Riley, Metropolitan Auditor
Theresa Costonis, Department of Law
John Crosslin, Crosslin
David Hunt, Crosslin
Katie Farris, Crosslin
Jennifer Pedginski, Metro Finance
Kevin Brown, Metro Finance
Mike Leonard, General Services
Bill Walker, Office of Internal Audit
Seth Hatfield, Office of Internal Audit

Members Absent

Tom Bates, Tennessee Society of CPAs

Quorum present? Yes

CALL MEETING TO ORDER

Councilmember Johnston called the meeting to order.

PUBLIC COMMENTS

There were no public comments.

APPROVAL OF MINUTES

A **motion** to approve meeting minutes for February 13, 2024, was made, seconded, and carried.

NEW BUSINESS

Presentation of the Metropolitan Nashville Government Fiscal Year 2023 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 deficiency identified.

Councilmember Allen inquired about the expenditure percentage of the Metropolitan Nashville Public Schools related significant deficiency. Ms. Farris noted the funding was over multiple years but as a percentage of just the current year, it was small. Councilmember Johnston inquired if the grants were overspent due to the deficiency. Ms. Farris noted the funds were not overspent. The expenditures were general operating expenditures that were not coded correctly but there was sufficient funding to cover. Mr. Hunt noted the expenditures were budgeted for, but they were coded to the incorrect account. Mr. Crumbo noted in his perspective, the funds were overspent but that changes had occurred to correct the issues going forward.

Councilmember Johnston inquired if corrective actions are followed up on in the subsequent year. Mr. Hunt noted where within the schedule the follow up of prior year is noted. Ms. Farris stated actions are followed up in the subsequent year's audit. No further discussion occurred.

Presentation of the Metropolitan Nashville Government Fiscal Year 2023 Letter of Recommendations to Management

An overview and summary of the results was presented. Mr. Hunt noted the significant deficiency within the letter was the same as presented in the preceding agenda item. Mr. Hunt walked through the additional observations in the letter.

Mr. Hunt noted some bank reconciliations were not timely. Councilmember Johnston inquired about what is considered timely. Mr. Hunt stated 60 days is considered timely. Councilmember Johnston asked why some were not being done timely. Ms. Pedginski noted an automated bank reconciliation has made most of the reconciliations now meet the 60 days. However, there are some items that need to be entered and reconciled by departments that delay the process. Mr. Crumbo noted there are many different accounts, and the Department of Finance does not control them all. Mr. Crumbo noted there are steps to follow up on reconciling items, and they are smaller, low-risk items. Ms. Farris clarified the timeliness if based on completion date, not on the start date.

Mr. Hunt went through the remaining observations and responses. Councilmember Johnston asked about the size of the grant related to the State Comptroller's investigation noted in the letter. Mr. Hunt was not sure on the size of the grant, and Ms. Farris noted the investigation was noted in the letter due to the requirement to include State investigations. Mr. Hunt noted the size was below their scope, and Ms. Farris added the scope period of the investigation was outside of the management letter scope period.

A **motion** to accept the Metropolitan Nashville Government Fiscal Year 2023 Schedule of Expenditures of Federal and State Awards and Reports Required by the Single Audit Act as Amended and the Uniform Guidance and the Metropolitan Nashville Government Fiscal Year 2023 Letter of Recommendations to Management was made, seconded, and carried.

Discussion on the Audit Recommendations Follow-up – Audit of the Criminal Justice Center Construction Project

Ms. Riley summarized the follow up recommendations of the report. Ms. Riley noted all recommendations were considered implemented. Ms. Riley noted the one recommendation for Procurement was considered as recommended in the audit. However, the decision was made to not implement the recommendation. Vice Mayor Henderson inquired about why the decision was made not to implement the recommendation. Ms. Riley was not sure about the reason, and Ms. Riley stated she would summarize the reason and provide the information before the next meeting.

Metropolitan Auditor's annual performance review process overview

Ms. Riley noted one of the requirements within the Audit Committee's bylaws is an annual performance review of the Metropolitan Auditor. Ms. Riley noted in past years the review has been a 360-review including feedback from the Audit Committee members, the Office of Internal Audit staff, and a self-assessment by the Metropolitan Auditor. Ms. Riley noted Mr. Walker would obtain anonymous feedback from the staff, Ms. Costonis would send out a performance evaluation form to the Audit Committee, and Ms. Riley would provide a self-assessment.

Vice Mayor Henderson inquired if this is common process for other department heads. Ms. Riley stated she did not know since this process was set up by her predecessor. Ms. Costonis noted Metro Legal typically is not involved in this process for other department heads, but she does this at the request of the Audit Committee.

Mr. Scanlan noted some items in the evaluation were items that the Audit Committee may not know, such as staff satisfaction or metrics. Ms. Riley noted the staff survey results and self-assessment would be included in the email with their evaluations to complete. No further discussion ensued.

PROJECT STATUS

Recommendation Implementation and Ongoing Projects

Ms. Riley covered the status of current open recommendations. She noted the status of the current audit plan, list of projects, and fraud, waste, and abuse hotline reports.

OTHER ADMINISTRATIVE MATTERS

Budget and Staffing

Ms. Riley covered the current budget status. Ms. Riley also covered the open positions and work towards creation of a lead investigator position. No further discussion ensued.

End of Public Meeting

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

The public meeting adjourned after approximately 35 minutes.

The next regularly scheduled meeting is June 25, 2024, at 4:00 p.m.

The minutes for the April 9, 2024, 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 June 25, 2024