

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
AUDIT COMMITTEE MEETING MINUTES
June 25, 2024

On Tuesday, June 25, 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
Tom Bates, Tennessee Society of CPAs
Burkley Allen, Council Member
Matthew Scanlan, Chamber of Commerce

Members Absent

Courtney Johnston, Council Member

Quorum present? Yes

Others

Lauren Riley, Metropolitan Auditor
Theresa Costonis, Department of Law
Paulette Coleman, Metro Arts
Brenda Watts, Arts Commissioner
Chris Afotey, Metro Arts
Wally Dietz, Department of Law
Shannon Hall, Human Resources
Donna Blackbourne, Criminal Justice Planning
Samantha Taylor, Criminal Justice Planning
Diana Alarcon, NDOT
Brad Freeze, NDOT
Darrell Lane, Farmers' Market
David Griffin, Farmers' Market
John Crosslin, Crosslin
Katie Farris, Crosslin
Jennifer Pedginski, Metro Finance
Kevin Brown, Metro Finance
Bill Walker, Office of Internal Audit
Seth Hatfield, Office of Internal Audit
Mary Cole, Office of Internal Audit
James Carson, Office of Internal Audit

CALL MEETING TO ORDER

Mr. Bates called the meeting to order.

PUBLIC COMMENTS

There were no public comments.

APPROVAL OF MINUTES

A **motion** to approve meeting minutes for April 9, 2024, was made, seconded, and carried.

NEW BUSINESS

Discussion on the Audit of Metro Arts Financial Processes

Mr. Walker began the discussion by noting the reasons for the audit, the objectives, the scope, and the high-level results of each objective. Mr. Walker proceeded to go through each individual observation and taking questions on each.

Mr. Walker discussed the first two observations relating to staff succession planning and Arts Commission governance. Vice Mayor Henderson inquired about the staff not having access to other departments. Mr. Walker clarified when interviewed, staff indicated they were told not to speak to other departments. Vice Mayor Henderson inquired about the responsibility for proper orientation of boards and commissions. She noted a conflict may arise if management is

responsible for the orientation. Mr. Walker noted the orientation would be a collaboration between Metro Legal and management to address the different aspects of the board or commission and department it governs. Mr. Scanlan inquired about times where the Arts Commission was faced with management decisions over governance. Mr. Walker explained with the absence of the director, questions were often raised about processes that were unknown to staff.

Mr. Walker covered the observations related to the use of temporary employees on the Goodson Inc. contract. Mr. Scanlan inquired about the responsibility of the contracted company to know the terms of the contract. Vice Mayor Henderson raised a similar question related to the responsibility of noting that the vendor did not follow the contract terms. Director Crumbo noted the department's responsibility in knowing the contract and using it properly. Discussion ensued around the overtime hours and utilization of the contract.

Mr. Walker covered the observation related to split purchases. Vice Mayor Henderson inquired about how it was known the request was made for under \$25,000. Ms. Riley noted that consultants had confirmed this. A discussion ensued related to how the purchases were authorized. Director Crumbo noted the volume of purchases handled by the Procurement Division and the responsibility of the departments to follow standards.

Mr. Walker covered the observations related to grants and awards. Mr. Walker noted the processes were well setup as discussed but documentation of operation could not be provided. Vice Mayor Henderson inquired about the use of a procurement for Thrive as noted in Observation N. Director Crumbo noted the evaluation of procurement versus a grant and how it applies to these awards. Director Crumbo also noted the amounts paid out to artists and organizations thus far. A discussion ensued about the monitoring, payments, and tracking of grants and awards.

Mr. Walker covered the observations related to leave time. A discussion ensued related to the types of leave time allowed and what was recorded. Vice Mayor Henderson inquired if Metro has a standard timekeeping system for all departments. Director Crumbo noted the Payroll Division requires all departments to input the information into Oracle R-12. How the department maintains the leave time before that is the department's choice. Vice Mayor Henderson noted standard time keeping systems are important. Mr. Bates inquired about the executive director leave noted in the audit. Mr. Walker noted that leave time is not a Civil Service approved leave category.

A general discussion ensued on the current state of Metro Arts. Ms. Riley noted the response matrix at the back of the report was blank to give the newly appointed interim executive director the chance to discuss the responses with the Metro Arts Commission. Vice Mayor Henderson inquired about the expected time frame to get responses to the matrix. Interim Executive Director, Dr. Coleman noted her commitment to providing responses once she had discussed the information with the Metro Arts Commission. Dr. Coleman did not want to provide an estimated time frame due to not wanting to rush the responses.

Mr. Scanlan inquired about how the audit would be helpful to her during her time as interim. Dr. Coleman stated the audit confirmed many things she had heard about or seen first-hand. Dr. Coleman stated she would be working to implement the items within the audit. She stated the Metro Arts Commission would be meeting later, and the audit would be a topic of discussion at the meeting.

Councilmember Allen stated for the record that she appreciates the work done to ensure that the artists and organization get paid. She noted the hard work going into ensuring they continue to be funded.

Discussion on the Audit of Criminal Justice Planning

Ms. Riley gave a brief overview of the audit scope, objectives, observations, and recommendations. Vice Mayor Henderson inquired into the need for the department if jail overcrowding has not been an issue in so long. Ms. Riley noted the department stated the importance of continuing to watch populations to ensure overcrowding does not happen again. Vice Mayor Henderson inquired about the underlying legislation that set up the department and its governing bodies. Director Blackbourne stated she believes one was setup using an executive order and the other was set up through an ordinance. A discussion ensued around the original creation of the department.

Vice Mayor Henderson noted the recommendation related to updating legislation to reflect appropriate governance meeting requirements was marked as completed. However, updating Metro Code would require Council involvement or Mayor's Office movement to change the executive order. Ms. Blackbourne stated she had let the Mayor's Office know about wanting to make changes. No further discussion ensued.

Discussion on the Audit of Nashville Sidewalk Prioritization

Mr. Hatfield gave a brief overview of the audit scope, objectives, observations, and recommendations. Vice Mayor Henderson thanked the office for the work performed and noted the importance of sidewalks. Vice Mayor Henderson discussed the evolution of the Walk and Bike plan during her time with Metro. Vice Mayor Henderson inquired about the funding setup for sidewalk repairs. Director Alarcon noted the different funding sources for sidewalks in the upcoming budget. Vice Mayor Henderson inquired about the process to address sidewalk repairs. Director Alarcon walked through the process from receiving a concern, evaluating it, and addressing it. Director Alarcon noted key work being done in the upcoming year related to sidewalks. No further discussion ensued.

Discussion on the Audit of Nashville Farmers' Market

Mr. Hatfield gave a brief overview of the audit scope, objectives, observations, and recommendations. Committee members thanked the director and finance manager for their work at the Farmers' Market. Director Lane noted key areas where the Farmers' Market was working to improve services and provide more opportunities.

Vice Mayor Henderson inquired about best practices related to documenting meeting minutes. Ms. Riley noted the Office of Internal Audit would always recommend maintaining meeting minutes as not all meetings are recorded, and videos can be lost or corrupted. Ms. Costonis added that State law requires the maintenance of certain actions taken at official meetings. So minutes must always be maintained to meet the law. No further discussion ensued.

Metropolitan Auditor's annual performance review

Ms. Riley noted the process for the Metropolitan Auditor's performance review includes a staff review, self-review, and Audit Committee review. Ms. Riley noted her self-review was included in the workbook for review and sent out prior to the committee filling out their reviews.

Ms. Riley noted the average rating by the staff of the Office of Internal Audit in all categories of the anonymous survey was 4.6 out of 5. Ms. Costonis noted the average of the Audit Committee

ratings was 2.5 out of 3. A brief discussion ensued around the results of the assessments. Director Crumbo asked if staff were given an additional merit increase for getting certifications. Ms. Riley noted the Office of Internal Audit had a three-tiered methodology for awarding merit. One of the tiers was an additional percentage if staff obtained a certification during the year. Director Crumbo noted the importance of encouraging professional certifications.

Mr. Bates asked if there was a recommended percentage increase in salary. Ms. Riley stated in prior years if the Audit Committee was pleased with the performance, they awarded the average of the staff increases. Ms. Riley noted this year the staffs' average increase was 2.8%.

A **motion** to increase the Metropolitan Auditor's salary with a 2.8% merit increase was made, seconded, and carried.

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 noted the approved budget for FY25. Councilmember Allen inquired about the three vacancies. Ms. Riley covered the open positions and noted Elizabeth Andrews left the office due to personal reasons at the beginning of June. Ms. Riley stated the lead investigator position would be posted in July.

Director Crumbo asked if there were any concerns about staffing for the annual audit plan. Ms. Riley noted the current staffing levels and the consulting contracts in place should allow the office to complete the audit plan. Director Crumbo asked if there were any projects that should be changed on the audit plan. Ms. Riley noted there was one project which may be requested to be removed due to potential irrelevance and lack of impact. However, Ms. Riley would prefer to bring a request to do another audit in its place at a future meeting.

End of Public Meeting

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

The public meeting adjourned after approximately 2 hours and 30 minutes. The next regularly scheduled meeting is September 10, 2024, at 4:00 p.m.

The minutes for the June 25, 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 September 10, 2024