

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
AUDIT COMMITTEE MEETING MINUTES
January 28, 2025

On Tuesday, January 28, 2025, 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

Tom Bates, Tennessee Society of CPAs
Angie Henderson, Vice Mayor
Jenneen Reed, Director of Finance
Courtney Johnston, Council Member
Burkley Allen, Council Member
Matthew Scanlan, Chamber of Commerce

Members Absent

Others

Lauren Riley, Metropolitan Auditor
Erica Haber, Department of Law
Kevin Brown, Metro Finance
Jennifer Pedginski, Metro Finance
Andrew Walczak, Metro Finance
Katie Farris, Crosslin
Brandon Sherman, Frazier & Deeter
Chris Zotti, Frazier & Deeter
Tanner Houzari, Frazier & Deeter
Nick Kiefer, Justice Integration Services
Bill Walker, Office of Internal Audit
Seth Hatfield, Office of Internal Audit

Quorum present? Yes

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 December 19, 2024, was made, seconded, and carried.

NEW BUSINESS

Presentation of the Metropolitan Nashville Government Annual Comprehensive Financial Report for the Year Ended June 30, 2024

Ms. Farris noted the external auditor's opinion will be issued soon. She noted the auditors had reviewed Metro's Annual Comprehensive Financial Report and believed it was fairly stated in all material respects. Council Member Johnston inquired about receipt of needed information from Nashville General Hospital. Ms. Farris noted the receipt of the information. Mr. Bates inquired about any specific items to be aware of in the report. Ms. Farris noted no significant new standards or items.

Finance Director Reed noted the fund balance as of June 30, 2024, is in compliance with the fund balance policy. Mr. Bates inquired if Director Reed wanted to add any other comments about the report. Director Reed stated all departments were below their expenditure budgets for the year. Council Member Johnston inquired about return of excess budget funds and targeted savings. Director Reed clarified targeted savings relate to the fiscal year 2025 budget. She noted the revenue forecasting is still occurring. A discussion ensued related to property taxes and the budgeted revenues versus actual collection. Mr. Brown noted the collections process for

property taxes. Vice Mayor Henderson inquired about the percentage of property taxes uncollected relating to appeals. Mr. Brown stated he would look into the percentage.

Council Member Allen inquired about a change in liabilities. Ms. Pedginski noted schedules within the report to explain the totals within the document. She noted potential reasons for the change. Council Member Allen asked for clarification on total long-term liabilities and total assets. Ms. Pedginski noted the classification for capital assets, and she noted the debt relation to paying for capital projects. Council Member Allen asked about tax abatements being shown in the report. Ms. Pedginski noted where they were within the report. A discussion ensued related to tax abatements.

Vice Mayor Henderson inquired about business improvement districts and the notation within the report schedules. Finance Director Reed explained how component units and improvement districts receive funding throughout the year as funds are passed through the Metro government. A discussion ensued on the mechanics of collecting and remitting the funds.

A **motion** to accept the Fiscal Year 2024 Annual Comprehensive Financial Report was made, seconded, and carried.

Discussion on the Audit of Justice Integration Services – Information Technology

Ms. Riley introduced the consultants, Frazier and Deeter, who performed the JIS audit on behalf of the Office of Internal Audit. Mr. Sherman introduced himself and the audit team. Mr. Zotti gave background on the scope of the audit and the audit objectives.

Mr. Scanlan asked for a description and examples of services and information provided by JIS for other departments. Mr. Zotti noted key services and data including CJIS. Mr. Kiefer noted additional application management and systems supported by the department.

Mr. Houzari went through the findings within the report. He went through the risk ratings for each finding, and he described the high risk finding related to change management. He described on a high level the remaining findings. Mr. Bates inquired about recommendations for the findings. Mr. Zotti summarized the recommendations for each finding.

Mr. Scanlan inquired about the necessity of all the individuals having capabilities to make changes. Mr. Kiefer explained how the department was structured and the need for the access. Mr. Kiefer noted the process the developers go through. Mr. Sherman noted the recommendation is to ensure no one ignores the policies in place. Mr. Kiefer stated the alternative procedures to be put in place to address the finding. Vice Mayor Henderson requested further clarification on the concerns around the segregation. Mr. Sherman stated an example of the risk related to the finding.

Vice Mayor Henderson inquired about access concerns and if it would be housed with JIS. A discussion ensued related to access to NCIC data. Council Member Johnston elaborated on the concerns. Mr. Kiefer noted the database is a federal database, and JIS would not be responsible for access management.

ITEMS FOR FUTURE MEETINGS

Ms. Riley noted the next Audit Committee meeting would be to review and approve the 2025 Annual Audit Plan. Ms. Riley requested any audit ideas be submitted. Vice Mayor Henderson noted she had amplified the request sent to Metro Council. She noted some upcoming changes to the Internal Audit website and report issuance emails as discussed with Ms. Riley.

Council Member Johnston stated she would like the plan to include an audit of fleet management and concerns around the current setup of the services provided. A discussion ensued around Fire Department Fleet Maintenance audit and the necessity to look at the fleet services across all departments. Ms. Riley noted the audit request would be added to the plan. 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 55 minutes.
The next regularly scheduled meeting is February 11, 2025, at 4:00 p.m.

The minutes for the January 28, 2025, Metropolitan Nashville Audit Committee meeting are respectfully submitted.

A handwritten signature in black ink that reads "Lauren Riley". The signature is written in a cursive, flowing style.

Lauren Riley, Metropolitan Auditor
Secretary, Metropolitan Nashville Audit Committee

Approved by the Metropolitan Nashville Audit Committee on February 11, 2025