

METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
AUDIT COMMITTEE MEETING MINUTES
June 30, 2026

On Tuesday June 30, 2026, 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

Matthew Scanlan, Chamber of Commerce
Delishia Porterfield, Council Member
Jason Spain, Council Member
Angie Henderson, Vice Mayor

Others

Lauren Riley, Metropolitan Auditor
Ann Mikkelsen, Department of Law
John Crosslin, Crosslin
Philip Gonzales, Crosslin
Erica Hightower, Baker Tilly
Michael Parente, Baker Tilly
John Gromos, TN Builders Alliance
Brandon Vanatta, Waste Services
Andrew Sullivan, Waste Services
Maura Sullivan, MNPS
Lisa Spencer, MNPS
Dr. Sanmi Areola, Health Department
Kristen Zak, Health Department
Erin Evans, Council Member
Seth Hatfield, Office of Internal Audit
Mary Cole, Office of Internal Audit
Paul Gogonelis, Office of Internal Audit

Committee Members Absent

Jenneen Reed, Director of Finance
Tom Bates, Tennessee Society of CPAs

Quorum present? Yes

CALL MEETING TO ORDER

Mr. Scanlan called the meeting to order.

PUBLIC COMMENTS

Council Member Erin Evans spoke on the Audit of the Metropolitan Nashville Government Opioid Settlement Funds.

APPROVAL OF MINUTES

A **motion** to approve meeting minutes for April 28, 2026, was made, seconded, and carried.

NEW BUSINESS

Discussion of External Audit Plan for the year ended June 30, 2026

Mr. Crosslin went through the external audit plan for the upcoming year. He noted the team members, timeline, scope of work, and changes in accounting standards. Vice Mayor Henderson asked Mr. Crosslin to clarify the SEFA audit work. A discussion ensued around the creation of the expenditures listing and the audit work performed.

Councilmember Porterfield inquired about the break in timelines for the MNPS and Nashville General Hospital audit work. Mr. Crosslin noted that some work is started during an interim period, such as inventory.

No further questions or discussion ensued.

Discussion on the Interim Audit Report - New Nissan Stadium Construction Project For the period April 26, 2023, through July 31, 2025

Ms. Riley noted the Office of Internal Audit engaged Baker Tilly to perform interim construction audits on the Nissan Stadium construction due to its size, cost, and complexity. Ms. Riley introduced Baker Tilly to present. Ms. Hightower explained the scope period and objectives of the interim audit. Ms. Hightower noted there were three observations – one medium risk and two low risk. She explained the first observation relating to non-conforming conditions being documented and the related recommendation.

Councilmember Porterfield requested an example of a non-conforming condition. Ms. Hightower provided examples, and a discussion ensued about what is considered non-conforming. Ms. Hightower noted one party may consider a condition non-conforming, while the other party considers it work-in-progress. Councilmember Porterfield inquired if the items are followed-up on to ensure they are addressed appropriately. Ms. Hightower stated they are followed-up on by the architect.

A discussion ensued related to the role of architect of record and engineer of record. Mr. Gromos provided an example of a non-conforming condition that would be addressed and consistently noted as non-conforming. He provided an example of a condition that may be labeled non-conforming by one party and work-in-progress by another party.

Ms. Hightower explained the two low-risk observations and the related recommendations. Councilmember Spain inquired about the timeline for the remaining interim audits. Ms. Riley noted the initial timeline was delayed some due to budget. Ms. Hightower noted the adjusted timeline would include approximately three more interim audits. No further discussion ensued.

Discussion on the Recommendation Follow-Up - Audit of Public Works Revenues

Ms. Riley explained the movement of the convenience centers management, and she presented the follow-up audit results. Vice Mayor Henderson inquired about the use of a till sheet and if any more electronic ways to document the information were available. Ms. Riley noted the low cost and ease of implementation for physical documents; however, she recognized that there is likely an electronic tool that could accomplish the tasks. Ms. Riley noted the office would look into it for future audits.

Discussion on the Investigation of Allegation of the MNPS Superintendent Office Renovation

Ms. Riley walked through the allegation received, the work performed, and the resulting unsubstantiating of the allegation. Councilmember Spain inquired about the creation and approval process for the MNPS capital spending plan. Ms. Sullivan walked through the approval process for the MNPS spending plan.

Vice Mayor Henderson inquired about the ways which allegations are received and how they are handled upon receipt. Ms. Riley noted the various ways allegations are received. She explained the process for predicated if the allegation would be investigated. She also explained how allegations received that are not in the purview of the Office of Internal Audit are handled. A brief discussion ensued around the kinds of allegations received and what is done with each type.

Vice Mayor Henderson requested the other MNPS related agenda items be moved up to address them all at one time.

Discussion on the Audit of Metro Nashville Public Schools Payroll Process

Ms. Riley presented the scope, objectives, and observations for the audit. Councilmember Spain inquired about the difference noted in hours worked versus hours paid during the audit sampling. Ms. Spencer stated that a timekeeper may have mis-keyed the amount. Her office staff recalculate and correct the errors to ensure staff are paid appropriately. Councilmember Spain asked if the transition to Oracle Cloud had eliminated the issue. Ms. Spencer stated it had.

Council Member Porterfield inquired about the training related to terminated employees and how that was provided. Ms. Spencer explained the communication between the central office and the 131 schools. Ms. Spencer noted the training relates to ensuring prompt communication and input of termination information. Mr. Scanlan asked if the Oracle Cloud implementation addressed this issue as well. Ms. Spencer noted the ticketing system for access termination is a separate system.

Vice Mayor Henderson inquired about how many hourly and salaried employees there are and how many employees receive checks. Ms. Spencer stated there are roughly 12,000 employees in total and about 3,500 employees are non-exempt hourly. The remaining are salaried. Ms. Spencer discussed the move to payment cards and reinforcing direct deposit had reduced the number of paper checks from approximately 1,500 per period to around 250 checks per period.

Discussion to amend the Annual Audit Work Plan to include a Performance Audit of Metropolitan Nashville Public Schools

Ms. Riley explained in the FY2027 budget, funding had been provided to perform a comprehensive performance audit of MNPS. Ms. Riley discussed the previous audit done in 2014, and she noted no work could be done unless the audit is put onto the Annual Audit Plan.

Vice Mayor Henderson inquired about the scoping of the audit when putting it onto the audit plan. Ms. Riley noted the audit included in the budget was a comprehensive audit. She noted scoping of an audit is established at the end of the planning phase. Thus, a scope could not be prescribed until after planning is performed.

A discussion ensued around who would perform the audit work. Ms. Riley noted the last audit was done through a full RFP due to not having consultants on contract. However, this time there are three consultants on contract who stated they could perform the work. A discussion ensued related to approaches that could be taken to determine who performs the audit and any adjustments needed to the audit plan.

Councilmember Porterfield asked if there were any pros or cons to doing the full RFP process. A discussion ensued related to the length of time for a full RFP but also the potential of allowing other firms the opportunity to perform the work. Additional discussion was had around the capacity for the firms on contract to perform the discussed audit along with any other audit projects for the office. Councilmember Porterfield confirmed that the scope must be set by the consultant and the Office of Internal Audit, not a secondary committee of Council or the School Board. Ms. Riley confirmed the scope must be set independently in order for the audit to be considered independent.

Discussion ensued related to the required next steps for amending the audit plan. Councilmember Spain explained the underlying concerns related to the request for the audit and the inclusion of funding in the FY27 budget.

A **motion** was made to add a Comprehensive Performance Audit of Metro Nashville Public Schools to the 2026 Annual Audit Plan. The motion was seconded. Discussion ensued.

Councilmember Porterfield noted her initial opposition to the audit but that she believes the audit will offer an opportunity for MNPS to show the good work they are doing. Vice Mayor Henderson echoed many of Councilmember Porterfield's comments noting her belief in the audit elevating the work MNPS is doing. Mr. Scanlan stated his support for MNPS and the evolution of the district. Motion carried.

A discussion about the mini-RFP process for consultants on contract ensued. Councilmember Porterfield asked how long a full RFP process would take. Ms. Riley noted she was unsure, but the last RFP to obtain consulting contracts for the Office of Internal Audit took approximately six months from start to finish. Councilmember Porterfield asked if there was a best practice cadence for how often audits like this are done. Ms. Riley noted she could not find any best practice relating to an audit of this size for a school district. However, given the changes in the district since the last audit, performing another audit would be reasonable.

Councilmember Spain inquired about the process of selecting a firm if a mini-RFP is done with the consultants on contract. Ms. Riley noted the selection for the last one was done by the Office of Internal Audit. Discussion ensued on transparency and involving the Audit Committee and public in the selection process. Members noted areas of importance in considering who performs the audit. Discussion ensued about ensuring the consultant is selected in an independent manner.

Ms. Mikkelsen clarified the role of the Audit Committee and the Metropolitan Auditor within the Metro Charter. She noted the Audit Committee oversees the audit plan while the Metropolitan Auditor performs the audits. Thus, the Metropolitan Auditor should select the firm. Audit Committee members provided input on what is important to them in the consideration of the firm.

Discussion on the Audit of the Metropolitan Nashville Government Opioid Settlement Funds

Mr. Hatfield presented the scope, objectives, work performed, and observations for the audit. Members clarified that the Health Department rejected the final recommendation in whole and not in part. Dr. Areola confirmed it was rejected in whole. Dr. Areola noted the current tracking of outcomes and information provided to stakeholders. Additionally, he noted the work done with contractors and also upstream work being done.

Councilmember Porterfield inquired about the program manager's involvement in the audit and if the behavior noted was addressed. Dr. Areola stated the internal HR procedures had been followed to appropriately address the actions.

Councilmember Porterfield asked how the risk rating was determined related to the invoices oversight and why it was not high risk. Mr. Hatfield explained that no inappropriate charges were noted, and the issue was about ensuring proper review not mispending money, which would have resulted in a higher risk.

Vice Mayor Henderson noted the overall oversight for the funding and looking for red flags in the spending. She noted the Board of Health's high level oversight of the department and hearing about certain spending. However, she recognized the potential need for lower level oversight on guiding spending. Dr. Areola provided the history of the funding and the initial guidance for spending from BHWAC. He noted areas he plans to improve programs so they address more upstream issues.

Vice Mayor Henderson clarified that Dr. Areola was currently working with the Mayor's Office to address the advisory gap of the settlement spending. Dr. Areola confirmed this and explained

his past experience in other roles with advisory committees. Discussion ensued about how an advisory committee would be situated to ensure governance and oversight.

Vice Mayor Henderson asked how many employees are currently paid using the settlement funding. Dr. Areola noted the number was going down as positions were not being filled when people left. He noted his areas of focus for the future and that keeping the positions in house was not part of the future plans.

Metropolitan Auditor's annual performance review

Mr. Scanlan went through the results of each part of the Metropolitan Auditor's 360 review. Members expressed appreciation of the work Ms. Riley performs. Councilmember Porterfield noted the lowest review score was from the self-assessment and noted being our own worst critics. She noted the Metropolitan Auditor is doing a great job. Mr. Scanlan noted the merit increments as options for approval.

A **motion** was made to give the Metropolitan Auditor a 2% merit increase, seconded, and carried.

Internal Audit Project Status

Mr. Scanlan inquired about the complaints dashboard or tracking and how that is performed. Ms. Riley noted the discussion at the previous meeting about presenting allegations received in an easier to understand manner. She noted the office is working on how to present this but will be updating the presentation soon. A discussion ensued about the utilization of a new third party hotline. Vice Mayor Henderson inquired about phasing out other reporting options, and Ms. Riley noted the HubNashville reporting option would likely be phased out with the implementation of the new system.

Ms. Riley went through the recommendation implementation status for open recommendations. She also noted the current project status and open investigative allegations received.

Vice Mayor Henderson inquired about the presentation of open projects and other project listings in the workbook. Ms. Riley noted the organization was not consistent but that she would work to make it more consistent and to identify on the tables how the information was organized.

Other Administrative Matters

Ms. Riley went through the current budget status for the department. Ms. Riley noted the requested budget items received in the FY27 budget. Ms. Riley discussed current staffing for the department.

End of Public Meeting

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

The public meeting adjourned after approximately 2 hours 27 minutes.

The next regularly scheduled meeting is September 29, 2026, at 4:00 p.m.

The minutes for the June 30, 2026, Metropolitan Nashville Audit Committee meeting are respectfully submitted.

Lauren Riley

Lauren Riley, Metropolitan Auditor
Secretary, Metropolitan Nashville Audit Committee

Approved by the Metropolitan Nashville Audit Committee on September 29, 2026