



## AUDIT COMMITTEE MINUTES

**DATE: April 29, 2020**

**LOCATION: Google Meet**

**TIME: 3:00 PM**

- I. CALL TO ORDER – Chairman  
The meeting was called to order by Joel Wallace at 3:01 pm.
- II. ANNOUNCE MEMBERS IN ATTENDANCE (VERIFY QUORUM)  
Audit Committee members present confirmed by a roll call vote: Lynn Stokes, Jeff Henley, Dr. Brandon Di Paolo Harrison, Peter Reyman, and Joel Wallace  
Audit Committee members absent: None  
Quorum verified? Yes  
Internal Audit attendees: Stephanie Fox, Cassie Wheeler, and Jennifer Osteen (APSU Intern)  
Other Attendees:
  - Mayor Joe Pitts
  - Laurie Matta, City of Clarksville Chief Financial Officer
  - Scott Nally, Kraft CPAs
  - Chris Zotti, Kraft CPAs
  - Amie Wilson, IT Director
- III. MOTION TO CONDUCT MEETING ELECTRONICALLY  
In order to comply with the technical aspects of the Governor’s Executive Order regarding holding open meetings in a forum other than in the open and in public, this body determines that meeting electronically is necessary to protect the health, safety, and welfare of its citizens due to the COVID-19 outbreak.  
  
Joel Wallace called for a motion to conduct the meeting electronically. Dr. Brandon Di Paolo Harrison made the motion, and Jeff Henley seconded. Stephanie Fox conducted a roll call vote that resulted in a unanimous yes. The motion was approved.
- IV. ADOPTION OF MINUTES: March 31, 2020  
Joel Wallace called for a motion for approval of the minutes. Dr. Brandon Di Paolo Harrison made the motion, Peter Reyman and seconded. Stephanie Fox conducted a roll call vote that resulted in a unanimous yes. The minutes were approved as presented.

V. DEPARTMENT REPORT

A. FY 2020 Budget Report

Stephanie Fox explained the City has experienced budget short falls due to the current COVID-19 situation. The department's original budget was able to be reduced due to some extraordinary circumstances which left excess budget available in the following areas:

- Salary due to the Director vacancy and estimates for hiring timelines
- Training due to the cancellation of in person events and travel. We will seek virtual training opportunities to meet our CPE requirements.
- Accounting/auditing due to:
  - Kraft CPAs IT projects postponed
  - ATA will not be onsite for external audit interim work this fiscal year

Stephanie asked if there were any questions regarding the year to date budget report and there were none.

B. FY 2021 Proposed Budget

Stephanie explained we have not met with the Mayor and Finance to review the FY 2021 budget and it is still subject to council approval. Any changes to the department's budget will be communicated to the committee.

Stephanie presented the proposed budget for FY 2021, and highlighted the following items.

- Salary amounts listed include estimates for the vacant director position and will be updated once finalized.
- The health insurance budget increased to include insurance for the new hire, as the previous director did not have the City's health insurance.
- The amount budgeted for training remains the same as the FY 2020 budget.
- An additional cost for data analytics software is included in the proposed budget. This software would allow more efficient work with data sets and benefit projects such as pcard audits, senior management expense audits, vendor analysis audits, and the auditing of other payable items. The department has previously used data analytics software that ultimately became cost prohibitive; however, more cost effective options are now available.
- Based on the Audit Committee's prior decision, amounts for cosourcing IT audits were not included in the FY 2021 budget.
- The full amount of City General's portion of the FY2020 external audit is included in the proposed budget, as well as an additional amount for any interim work that may be performed at the end of FY2021.
- The department's allocation for general liability insurance increased compared to FY2020 due to a change in the allocation method of the actuary.
- The other equipment budget includes the purchase of a laptop for the new staff member.

Peter Reyman asked if there are any other departments within the City that would also use the data analytics software which may be interested in sharing associated costs. Stephanie replied that she is unaware of any departments currently using this kind of software, but there is a possibility for other departments to use it in the future.

C. Update on Internal Audit Activity

i. Audit Schedule Status

Stephanie gave a brief status on the following audit projects:

- Vendor Analysis - We are currently gathering data for this project.
- Financial Controls - This project is still planned to start in May or June. The audit plan for next year will include some continuation of the financial controls project.
- Ethics Survey - The timeline for this project was delayed due to a scheduling conflict with another employee survey. However, the report draft will be issued to the committee for review this week. Afterwards, the report will be distributed to the Mayor and other City management, as well as posted to the City's website.
- CDE & CGW Disconnect Audits - These were previously postponed to FY 2021 by the committee. We will reassess whether these are the best use of our resources in FY 2021 through the risk assessment process.
- Policy & Procedure Updates - The new policies and procedures are completed and we are discussing those today. Changes to these are expected as we refine our processes.

ii. Audit metrics

Utilization rates decreased due to administrative tasks such as policies and procedures, coordination of Director recruitment, and budget preparation. Additionally, the utilization rate has been affected by normal administrative tasks being completed by two employees instead of three since the former Director's resignation in January. After the vacant position is filled, utilization rates are expected to return to normal.

iii. Policies and Procedures

The new policies and procedures were originally sent to the Committee in March. A few changes were made to those based on feedback provided by Lynn Stokes. Stephanie expects there to be changes in the future and assures that any revisions will be brought back to the committee to address. At the July meeting, there will be new policies to address governance level engagements and the fraud process. Stephanie asked if there were any comments or questions regarding the policies and procedures. Lynn Stokes congratulated the department on doing an outstanding job. There were no other questions or comments.

VI. NEW BUSINESS

None

VII. COMMITTEE ACTION REQUIRED

A. FY 2021 Proposed Budget Approval

Joel Wallace called for a motion to approve the proposed budget. Dr. Brandon Di Paolo Harrison made the motion and Jeff Henley seconded. Stephanie Fox conducted a roll call vote that resulted in a unanimous yes. The motion was approved.

B. Policy Discussion and Approval

VIII. CITY COUNCIL ACTION REQUIRED

A. None

IX. ADJOURNMENT OF PUBLIC MEETING

Before adjourning, Joel asked if there were any other comments. Mayor Pitts commended the committee for making an excellent choice in their recommended replacement for the Director of Internal Audit and he looks forward to the Council confirming her next week.

Joel Wallace called for a motion to adjourn the public meeting and go into executive session. Dr. Brandon Di Paolo Harrison made the motion, and Peter Reyman seconded. Joel Wallace conducted a voice vote that resulted in a unanimous yes. The public meeting was adjourned at 3:27 pm.

X. PUBLIC COMMENTS (5 minutes each)

XI. NEXT MEETING - July 29, 2020 3:00 PM

XII. EXECUTIVE SESSION

At this point in the meeting everyone other than Audit Committee members and those asked to attend by the Audit Committee to address a pending audit issue will be asked to leave.

- A. Items deemed not subject to public inspection under TCA 10-7-503 and TCA 10-7-504
- B. Ongoing audits and investigations
- C. Hotline reports
- D. Audit plan

XIII. ADJOURNMENT OF EXECUTIVE SESSION

Dr. Brandon Di Paolo Harrison made a motion to adjourn the executive session and Lynn Stokes seconded. Executive session was adjourned at 3:41 pm.

Cassie Wheeler

Cassie Wheeler

7/29/2020

Date of Committee Approval