AUDIT COMMITTEE
MINUTES

DATE: April 28, 2021
LOCATION: Zoom
https://zoom.us/j/92663645181?pwd=Sk5UMHA0OHh1bHBTUHVhN0tXQUhJdz09
Join by Phone - 1 312 626 6799
Meeting ID: 926 6364 5181
Passcode: 461255
TIME: 3:00 PM

I. CALL TO ORDER – Chairperson
This meeting was called to order by Joel Wallace at 3:01 PM.

II. ANNOUNCE MEMBERS IN ATTENDANCE (VERIFY QUORUM)
Audit Committee members present: Dr. Brandon Di Paolo Harrison, Peter Reyman, Joel Wallace, Dr. Jennifer Thayer, and Karen Reynolds
Audit Committee members absent: None
Quorum verified? Yes
Internal Audit attendees: Stephanie Fox, Cassie Wheeler, and Jennifer Osteen

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 DiPaolo Harrison made the motion, and Dr. Jennifer Thayer seconded. The motion was approved unanimously.

IV. ADOPTION OF MINUTES: January 27, 2021 Audit Committee Meeting
Joel Wallace called for a motion to adopt the minutes. Dr. Brandon DiPaolo Harrison made the motion, and Dr. Jennifer Thayer seconded. The motion was approved unanimously.

V. DEPARTMENT REPORT
A. New Auditor - Jennifer Osteen

Stephanie welcomed new auditor, Jennifer Osteen, to the Internal Audit staff.

B. FY 2021 Budget Report
Stephanie presented the FY 2021 Budget Report. She noted the revised budget numbers have been reduced by Finance to reflect the department's actual costs for this year, which does not include full staffing. The remaining funds in the Accounting/Auditing Services line item will be used for interim work related to the FY 2021 audit to be performed by Mauldin and Jenkins. She informed the committee that Mauldin and Jenkins held kick-off meetings with all of the departments that will be involved in the audit, and will be performing interim procedures prior to the fiscal year end. Peter Reyman asked if the data analytics software costs had been handled on an enterprise level or exclusively by the Internal Audit department. Stephanie informed him that no one else has adopted the data analytics software; however, she hopes other departments will be interested in adopting the software in the future.

C. Update on Internal Audit Activity
   i. Audit schedule status and metrics
   The Vendor Analysis Audit was delayed due to other priorities, including preparation and release of the Ethics Survey and a hotline report investigation.

   The Ethics Survey has closed and responses have been received. Jennifer will be working to get the data into a reportable format.

   The Community Development Audit and follow-up of the Payroll Audit were put on hold due to staffing. With the department fully staffed, these projects will be restarted following completion of the Ethics Survey and Vendor Analysis Audit.

   Department metrics showed an improvement in utilization in the month of April and year-to-date. The department is still working towards their goals for utilization.

D. APSU Intern
Stephanie acknowledged Rebie Campbell for her work during her internship, and thanked her for all of her contributions to the office.

VI. NEW BUSINESS
   A. None

VII. COMMITTEE ACTION REQUIRED
   A. FY 2022 Proposed Budget Approval
   Stephanie presented the proposed FY 2022 budget for the department. The proposed budget is subject to change based on the budget process, which includes reviews by the Mayor, Finance Committee, and City Council. While the proposed budget is not significantly different from prior years, Stephanie highlighted the following items:
   - The percentage change shown for salaries and benefits is not representative of the actual change, as it is based on the revised budget amounts which do not reflect a full year of staffing.
   - External audit fees decreased as a result of the change in accounting firms contracted for this service.
   - Costs for a peer review were not included in this year's budget, but are planned for the FY 2023 budget.

Joel Wallace called for a motion to approve the FY 2022 proposed budget. Dr. Brandon DiPaolo made the motion, and Peter Reyman seconded. The motion was approved unanimously by roll call vote.

B. Policy Update Discussion and Approval
Stephanie presented the following suggested changes to the department's policies and procedures:
- The Annual Risk Assessment Policy includes a small change of wording to allow application of auditor judgement if circumstances warrant, additional clarification in the description of existing risk criteria, and inclusion of two new risk criteria for asset liquidity and management requests.
- The Planning Engagements Policy includes updates to align with the department's updated process.
- The Performing Engagements and Engagement Supervision policies include updates to reflect a workpaper naming change.
- The Monitoring Progress Policy update removes the reference to a Google Form to reflect a minor process change.

There were no questions about the policy updates.

Joel Wallace called for a motion to approve the policy updates. Dr. Brandon DiPaolo Harrison made the motion, and Peter Reyman seconded. The motion was approved unanimously by roll call vote.

VIII. CITY COUNCIL ACTION REQUIRED
A. None

IX. ADJOURNMENT OF PUBLIC MEETING
Joel Wallace called for a motion to adjourn the public meeting and to go into executive session. Dr. Brandon DiPaolo Harrison made the motion, and Karen Reynolds seconded. The motion was approved. The public meeting was adjourned at 3:21 PM.

X. PUBLIC COMMENTS (5 minutes each)
None

XI. NEXT MEETING - **July 28, 2021 3:00 PM**

XII. EXECUTIVE SESSION

During executive session and for the remainder of the meeting, the Audit Committee will be discussing only matters that are considered confidential under TCA Section 9-3-405 (d). These items may include:
A. Items deemed not subject to inspection under TCA Section 10-7-503 and 10-7-504
B. Current or pending litigation and pending legal controversies
C. Pending or ongoing audits or audit related investigations
D. Information protected by federal law
E. Matters involving information under TCA Section 9-3-406 where the informant has requested anonymity.

At this point in the meeting everyone other than Audit Committee members and those asked to attend by the Audit Committee to address an item related to the categories above will be asked to leave.

The following were topics were discussed:

A. Investigations/Audit Findings
B. Ongoing Audits

XIII. ADJOURNMENT OF EXECUTIVE SESSION

The executive session was adjourned at 3:45 PM.

Jen Osteen

Jennifer Osteen

7/28/2021

Date of Committee Approval