AUDIT COMMITTEE
MINUTES

DATE: October 27, 2021
LOCATION: CITY HALL FOURTH FLOOR CONFERENCE ROOM
TIME: 3:00 PM

I. CALL TO ORDER – Chairperson
This meeting was called to order by Joel Wallace at 3:03 PM.

II. ANNOUNCE MEMBERS IN ATTENDANCE (VERIFY QUORUM)
Audit Committee members present: Dr. Brandon DiPaolo Harrison, Dr. Jennifer Thayer, Joel Wallace, and Karen Reynolds
Audit Committee members absent: Peter Reyman
Quorum verified? Yes
Internal Audit attendees: Stephanie Fox, Jennifer Osteen, and Charlie DeHarde
Other Attendees: Mayor Joe Pitts

III. ADOPTION OF MINUTES: July 28, 2021 Audit Committee Meeting
Joel Wallace called for a motion to adopt the minutes. Dr. DiPaolo Harrison made the motion, and Dr. Thayer seconded. The motion was approved unanimously.

IV. DEPARTMENT REPORT

A. New staff member- Charlie DeHarde
Stephanie welcomed new auditor, Charlie, to the Internal Audit Staff.

B. FY 2022 Budget Report
Stephanie presented the FY22 year-to-date budget report. The report reflects mainly salary expenses for the year; however, billing has begun for the external audit. Further progress billing will be received over the next few months. Dr. DiPaolo Harrison asked how the external audit was going. Stephanie replied that it was going well and the final report would be presented to the Audit Committee in January.

C. Update on Internal Audit Activity
Stephanie presented the Internal Audit Department metrics. She noted the proposed revisions to the Audit Plan were not reflected on the metrics.

Stephanie informed the Committee that Internal Audit performed a consulting engagement for the Communications Department. This engagement involved helping to create a survey aimed at gauging employee perception of communications within the City. Jenn is currently working on a summary of the survey results in Power BI to present to the Communications Department.

Stephanie mentioned that the department had not received any applications for the internship position for the spring. Dr. DiPaolo Harrison and Dr. Thayer both stated that they would remind their students of the internship and help them locate the internship posting on JobsForGovs.

V. NEW BUSINESS

A. None

VI. COMMITTEE ACTION REQUIRED

A. Discussion and Approval of FY 2022 Audit Plan Revisions

Stephanie presented the proposed revisions to the audit plan, which included removing the previously planned CDE audit and redistributing those hours between the Community Development audit and a new Community Development consulting engagement. She explained that the proposed revisions would help Internal Audit address identified risk areas, as well as areas of department concern. The proposed consulting engagement would be related to the rehabilitation loan origination process, while the audit would focus on rehabilitation loan collection and management.

Councilperson Reynolds asked about the differences between audits and consulting engagements. Stephanie explained the different levels of assurance provided by consulting engagements and audits. She also stated that a consulting engagement for the loan origination process would be more appropriate due to the department's planned revisions to the policies.

Following a question by Dr. Thayer, Stephanie explained that the CDE audit was originally planned based on their prior ethics survey results; however, more recent survey results suggest that risk has decreased.

Joel Wallace called for a motion to approve the FY 2022 Audit Plan revisions. Dr. DiPaolo Harrison made the motion, and Dr. Thayer seconded. The motion was approved unanimously.

B. Audit Committee Candidate Consideration

Stephanie thanked the committee for providing candidates for the upcoming committee opening beginning in January. She presented the list of qualified and interested candidates to the committee and gave a brief summary of their background.

The committee members discussed the qualifications of each candidate.

Joel Wallace called for a motion to nominate a new Audit Committee member for January 2022 - December 2023. Dr. DiPaolo Harrison made a motion to nominate Marcia Demorest, and Dr. Thayer seconded. Those in favor included Dr. DiPaolo Harrison, Dr. Thayer, and Joel Wallace. Those opposed included Councilperson Reynolds. The motion was approved.

Joel Wallace called for a motion to reappoint Dr. Brandon DiPaolo Harrison to the Audit Committee for the term of January 2022 - December 2023. Dr. Thayer made the motion, and Councilperson Reynolds seconded. The motion was approved unanimously.

VII. CITY COUNCIL ACTION REQUIRED

A. Approval of Audit Committee Members for January 2022 - December 2023

VIII. ADJOURNMENT OF PUBLIC MEETING

Joel Wallace called for a motion to adjourn the public meeting and to go into executive session. Dr. Thayer made the motion. The motion was approved. The public meeting was adjourned at 3:29 PM.

IX. PUBLIC COMMENTS (5 minutes each)

None

X. NEXT MEETING - **January 26, 2022 3:00 PM**

XI. 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
B. Ongoing Audits

XII. ADJOURNMENT OF EXECUTIVE SESSION

The executive session was adjourned at 3:55 PM.

Charlie DeHarde

Charlie DeHarde

January 26, 2022

Date of Committee Approval