



AUDIT COMMITTEE MINUTES

DATE: July 27, 2022

LOCATION: CITY HALL FOURTH FLOOR CONFERENCE ROOM

TIME: 3:00 PM

- I. **CALL TO ORDER – Chairperson**
The meeting was called to order by Peter Reyman at 3:00 pm.
- II. **ANNOUNCE MEMBERS IN ATTENDANCE (VERIFY QUORUM)**
Audit Committee members present: Peter Reyman, Marcia Demorest, Karen Reynolds, Dr. Jennifer Thayer, and Dr. Brandon Di Paolo Harrison
Audit Committee members absent: none
Quorum verified? Yes
Internal Audit attendees: Stephanie Fox, Jenn Osteen, Charlie DeHarde
Other Attendees: Mayor Joe Pitts, Laurie Matta
- III. **ADOPTION OF MINUTES: April 27, 2022**
Dr. Di Paolo Harrison made a motion to adopt the minutes. Dr. Thayer seconded.
The motion was approved unanimously
- IV. **DEPARTMENT REPORT**
 - A. **Budget Reports**
Stephanie presented the budget reports for the end of FY22 and the year to date report for FY23. Stephanie noted that the department has budgeted for a peer review in the spring of 2023, which is reflected in the Official/Administrative line of the budget. Stephanie asked if anyone had questions about the budget; no questions were asked.
 - B. **Update on Internal Audit Activity**
Stephanie presented the department metrics reports, one for the end of FY22 and one for the month of July thus far. There were no questions.
 - C. **Quality Assurance and Improvement Program - Annual Review Results**
Stephanie explained that the department is required by standards to maintain a quality assurance and improvement program (QAIP). The QAIP must include (1) ongoing monitoring, (2) period self assessments (annual quality review), and (3) external assessments or peer reviews.

Stephanie explained that the annual quality review (periodic self assessment) involves a review of the charter and department policies to ensure they are adhering to the standards, as well as a review of engagement specific documentation to make sure the policies are being followed. Stephanie also noted the department updated the policy this year to include a review of continuing education documentation. Stephanie presented the results of this year's assessment, which shows the department is in conformance with the standards. She also noted that the department is required to have an external assessment by October 2023. Stephanie asked if anyone had questions about the QAIP; no questions were asked.

D. Annual Report

Stephanie presented the annual report of Internal Audit activities. She noted that this report includes the proposed FY23 projects and that any changes to the audit plan would also be reflected on the annual report prior to release. Stephanie asked if anyone had any questions about the annual report. Councilperson Reynolds asked if reports of completed audits are public records. Stephanie responded that all completed audit reports are published to the City website, but audit workpapers are considered confidential under state law.

E. Discussion of Internal Audit Charter, Mandatory Guidance, and Organizational Independence with Red Book

Stephanie presented both the Audit Committee charter and the Internal Audit department charter, highlighting various points including: Audit Committee responsibilities, the purpose and mission of the department, director responsibilities, independence requirements, and auditing standards used.

Stephanie asked if anyone had questions about the Internal Audit Charter; no questions were asked.

Stephanie presented a slideshow on the mandatory guidance in the International Professional Practices Framework provided by the Institute of Internal Auditors (IIA).

The mandatory guidance includes:

- The IIA mission of internal audit
- Core principles for the profession, which define internal audit effectiveness
- The definition of internal auditing
- IIA code of ethics
- Auditing standards for particular engagements

The Audit Committee had no questions regarding mandatory guidance.

Stephanie confirmed to the committee that the Internal Audit department is organizationally independent due to the reporting structure established in the charter.

V. NEW BUSINESS

A. Discussion of Potential New Committee Members for CY 2023-2024

The committee discussed the qualifications required of new audit committee members and discussed potential new members who may be interested. Stephanie asked that contact information for any potential candidates be emailed to her so she can reach out to them before the next meeting.

VI. COMMITTEE ACTION REQUIRED

A. FY 2023 Audit Plan Approval

Stephanie presented the proposed audit plan for FY 2023 to the committee for consideration.

Dr. Di Paolo Harrison made a motion to approve the FY 23 audit plan. Dr. Thayer seconded. The motion was approved unanimously.

B. Internal Audit Charter Approval

Dr. Thayer made a motion to approve the Internal Audit charter.

Dr. Di Paolo Harrison seconded. The motion was approved unanimously.

VII. CITY COUNCIL ACTION REQUIRED

A. None

VIII. ADJOURNMENT

Dr. Di Paolo Harrison made a motion to adjourn the public meeting. Dr. Thayer seconded. Public meeting was adjourned at 3:36 pm.

IX. PUBLIC COMMENT (5 minutes each)

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

XI. EXECUTIVE SESSION - Vote by the committee to go into 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 topics were discussed:

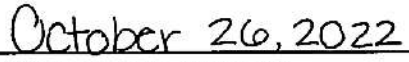
- A. Pending or ongoing audits or audit related investigations

II. ADJOURNMENT OF EXECUTIVE SESSION

The executive session was adjourned at 4:46 pm.



Charlie DeHarde



Date of Committee Approval