



## AUDIT COMMITTEE MINUTES

**DATE: October 28, 2020**

**LOCATION: Zoom**

**TIME: 3:00 PM**

- I. CALL TO ORDER – Chairman  
The meeting was called to order by Joel Wallace at 3:02 PM.
  
- II. ANNOUNCE MEMBERS IN ATTENDANCE (VERIFY QUORUM)  
Audit Committee members present: Jeff Henley, Dr. Brandon Di Paolo Harrison, Peter Reyman, and Joel Wallace  
Audit Committee members absent: Lynn Stokes  
Quorum verified? Yes  
Internal Audit attendees: Stephanie Fox, Cassie Wheeler  
Other Attendees:
  - Mayor Joe Pitts
  - Laurie Matta, City of Clarksville Chief Financial Officer
  - Dr. Jennifer Thayer
  
- 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. Jeff Henley made the motion, and Dr. Brandon DiPaolo Harrison seconded. The motion was approved.
  
- IV. ADOPTION OF MINUTES
  - A. July 29, 2020 Audit Committee meeting  
  
Joel Wallace called for a motion for approval of both sets of minutes. Dr. Brandon Di Paolo Harrison made the motion, and Peter Reyman seconded. The motion was approved unanimously by roll call vote.

V. DEPARTMENT REPORT

A. Budget Reports

Stephanie presented the year to date budget for FY 2021. The budget has been revised to reflect the updated budget approved by the City Council. The revised amount is similar to the budget presented to the Committee in April. The budget report does include amounts paid to the City's external audit firm for the FY 2020 audit and the purchase of a new laptop for the department.

B. Update on Internal Audit Activity

i. Audit schedule status and metrics

Stephanie presented the audit schedule status and department metrics. There is a pending audit plan revision related to Community Development, which the committee considered later in the meeting. The Vendor Analysis Audit is ongoing. There were no questions related to the audit schedule status and metrics.

C. New Internal Audit Staff Member

Stephanie notified the committee that Cala Knight will be starting with the department on November 9th. Joel Wallace agreed that she will be a great addition to the Internal Audit team.

D. Update on External Audit RFP

The RFP has been drafted, and Stephanie stated she will be scheduling presentation and decision meetings for the Audit Committee related to the RFP. Stephanie gave a brief explanation of the planned timeline for submission.

Stephanie updated the committee on her external auditor rotation research, including information received from MTAS and other sources, which indicates that other municipalities in Tennessee do not have a requirement to rotate external audit firms. However, most cities go through the request for proposals (RFP) process to contract for an external audit firm in either three or five year intervals.

Stephanie suggested that the committee determine an interval of either three or five years at which to require a new RFP, and encourage rotation when an adequate number of qualified and interested firms are available. This policy would be incorporated into the department's Office Administration Policy.

The committee agreed that three years was preferable for the contract term. This will be incorporated into the RFP.

Councilman Henley asked about our expectation of the number of interested firms for this RFP. While we have no expectation of how many firms will respond to the RFP, Stephanie explained that we have taken steps to ensure many firms receive the RFP. Based on discussion, a few additional ideas for promoting the RFP were identified.

VI. NEW BUSINESS

A. None

## VII. COMMITTEE ACTION REQUIRED

- A. Approval of revisions to Consulting Policy, QAIP Policy, and Office Administration Policy  
Stephanie gave a brief overview of the proposed revisions to the above listed policies. Within the Consulting Policy, the revisions are a result of reorganizing the policy to add clarity and developing associated workpapers for consulting engagements. The QAIP Policy changes include clarification of the Audit Committee approved department metrics, as well as generalization of the engagement level quality assurance language to indicate the goal of determining conformance with standards. The Office Administration Policy consists of an administrative change related to timekeeping for Internal Audit staff members and incorporation of the previously discussed requirement to procure external audit services through an RFP at least every 3 years.

Joel Wallace asked about the administrative timekeeping change in the policy, and Stephanie explained that the City had adopted new timekeeping software and explained the origin of that switch. Although all Internal Audit employees are exempt, we already have timekeeping procedures in place because we track our time by audit.

Joel Wallace called for a motion to approve the revisions to the Consulting Policy, QAIP Policy, and Office Administration Policy. Dr. Brandon DiPaolo Harrison made the motion to approve the listed policies, Jeff Henley seconded the motion. A roll call vote was conducted and the policies were approved unanimously.

- B. Approval of Revised FY 2021 Audit Plan

Stephanie presented the revised audit plan draft. The revisions include a reduction in the number of available audit hours to reflect the start date of the new auditor, a new audit within Community Development, delay of the planned Workforce Diversity consulting engagement until early FY 2022, and a re-evaluation of risk for the Fire Department as part of the annual risk assessment.

The Community Development audit is a result of discussion with the new director regarding potential issues within the department, as well as the possibility for operational and process improvements.

Joel Wallace called for a motion to approve the FY 2021 audit plan revision. Jeff Henley made the motion for approval, Peter Reyman seconded. A roll call vote was conducted and the revised audit plan was approved unanimously.

- C. Audit Committee candidate consideration

Stephanie introduced Dr. Jennifer Thayer as a potential new Audit Committee member starting in January 2021. Dr. Thayer gave a brief summary of her background, including a law degree, accounting experience at a local accounting firm, and experience as an accounting professor at APSU. Stephanie also notified the committee that while Peter Reyman had agreed to serve another two year term on the committee, he would need to be renominated and confirmed by the Council again.

Jeff Henley made a motion to nominate Dr. Jennifer Thayer and Peter Reyman to serve on the Audit Committee beginning in January 2021 through December 2022. Dr. Brandon DiPaolo Harrison seconded. A roll call vote was conducted and both nominations were approved unanimously, with the exception of Peter Reyman who recused himself on the vote to nominate himself.

VIII. CITY COUNCIL ACTION REQUIRED

- A. Approval of Audit Committee members for January 2021 - December 2022

IX. ADJOURNMENT OF PUBLIC MEETING

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. A roll call vote was conducted which resulted in a unanimous yes. The public meeting was adjourned at 3:29 pm.

X. PUBLIC COMMENTS (5 minutes each)

None

XI. NEXT MEETING - **January 27, 2021 3:00 PM**

Note: Additional meetings will be scheduled in December 2020 to award the City's external audit contract.

XII. 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: Community Development audit, Vendor Analysis audit, hotline activity.

XIII. ADJOURNMENT OF EXECUTIVE SESSION

Executive session was adjourned at 3:50 pm.

Stephanie Fox  
Stephanie Fox

12/10/2020  
Date of Committee Approval