



**A Report to the  
Audit Committee**

**Mayor**  
John Cooper

**Nashville Municipal Auditorium  
Director**  
Don Harris

**Audit Committee Members**  
Tom Bates  
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**Audit Recommendations Follow-up –  
Audit of the Nashville Municipal  
Auditorium**  
(Initial Report Issued October 25, 2019)

May 4, 2021

Metropolitan  
Nashville  
Office of  
Internal Audit

## EXECUTIVE SUMMARY

May 4, 2021



### Why We Did This Audit

To evaluate management's implementation of previous audit recommendations as of March 31, 2021.

### What We Recommend

Management should continue efforts to implement the remaining recommendations.

# Audit Recommendations Follow-Up - Audit of the Nashville Municipal Auditorium

## BACKGROUND

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On October 25, 2019, the Office of Internal Audit issued an audit of the Nashville Municipal Auditorium. The audit report included six recommendations for improving the operations of the Nashville Municipal Auditorium. All recommendations were accepted by management for implementation. Office of Internal Audit guidelines require monitoring and follow-up to ensure that the recommendations assessed as high or medium risk are appropriately considered, effectively implemented, and yield intended results.

## OBJECTIVES AND SCOPE

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The objective of this follow-up audit is to determine whether management's action plans for the prior audit report recommendations are completed.

The audit scope covers the status for the six accepted recommendations included in the October 25, 2019, Audit of the Nashville Municipal Auditorium.

## WHAT WE FOUND

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Of the initial six recommendations made, the Nashville Municipal Auditorium has implemented one recommendation, partially implemented one recommendation, and one recommendation was no longer applicable. Due to the COVID-19 pandemic closing the box office, three recommendations could not be reviewed and will be evaluated once the box office reopens. Details of the implementation status can be seen in **Appendix A**.

## **PRIOR RECOMMENDATIONS AND IMPLEMENTATION STATUS**

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The initial audit report resulted in six recommendations, all of which were accepted by management for implementation. Out of the accepted recommendations, one has been fully implemented.

Three of the recommendations from the original audit involved controls over cash management in the box office. Due to the COVID-19 pandemic, the Nashville Municipal Auditorium box office has been closed since March 2020. The Office of Internal Audit will return to Nashville Municipal Auditorium to follow up on these recommendations when the box office reopens.

One of the recommendations from the original audit was to follow-up on the recommendations from the 2011 Municipal Auditorium audit. Of the six recommendations from the 2011 audit, one was fully implemented, and three are not currently able to be determined due to the box office closure. Two recommendations have not been implemented. Though there is a plan to inventory capital assets with the help of the Department of Finance this summer, no physical inventory has taken place as of this follow-up audit.

Details of the implementation status and updated implementation dates can be seen in **Appendix A**.

## **GOVERNMENT AUDITING STANDARDS COMPLIANCE**

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We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our observations and conclusions based on our audit objectives.

## **METHODOLOGY**

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To achieve the audit objectives, auditors performed the following steps:

- Reviewed the documentation provided by management as evidence of completion.
- Interviewed key personnel within the Nashville Municipal Auditorium.

## **AUDIT TEAM**

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Laura Henry, CFE, In-Charge Auditor

Lauren Riley, CPA, CIA, ACDA, CMFO, Metropolitan Auditor

## APPENDIX A – PRIOR RECOMMENDATIONS AND IMPLEMENTATION STATUS

The following table shows the guidelines followed to determine the status of implementation.

**Table 1**

Recommendation Implementation Status	
<b>Implemented</b>	The department or agency provided sufficient and appropriate evidence to support the implementation of all elements of the recommendation and the recommendation’s implementation caused or significantly influenced the benefits achieved.
<b>Partially Implemented</b>	The department or agency provided some evidence to support implementation progress but not of all elements of the recommendation were implemented.
<b>Not Implemented / No Longer Applicable</b>	The department or agency did not implement a recommendation because: a) of lack of resources; b) an alternative action was taken that achieved the intended results; c) circumstances have so changed that the recommendation is no longer valid.

The following are the audit recommendations made in our original audit report dated October 25, 2019 and the current implementation status of each recommendation based on our review of information and documents provided by the Nashville Municipal Auditorium.

Recommendation	Implementation Actions	Outstanding Issues	Implementation Status
<p><b>A.1</b> Explore the possibility of switching to an electronic attendance and leave tracking system. Kronos is the Metropolitan Nashville standard for time and attendance tracking and has licenses centrally managed by the Information Technology Services department. Require documented written or electronic approval by a supervisor of compensatory time earned.</p> <p><b>Assessed Risk Level: High</b></p>	<p>Kronos time keeping system was implemented to track work hours and leave time. Utilization of Kronos enables setup of review levels to ensure approvals of compensatory time.</p>	<p>None</p>	<p><b>Fully Implemented/ Closed</b></p>
<p><b>B.1</b> Implement a procedure whereby revenue collections are retained in the custody of only one employee at a given time. When assets are transferred to another party, the verification of amounts transferred to the other person should be documented at the time of transfer.</p> <p><b>Assessed Risk Level: High</b></p>	<p>Per Municipal Auditorium, each person has their own cash box and selling code now.</p>	<p>Due to the COVID-19 pandemic, the box office has not been open since March 2020. Internal Audit could not ensure the implementation actions are in place. Review will occur when the box office reopens.</p>	<p><b>Unable to be determined</b></p>

## APPENDIX A – PRIOR RECOMMENDATIONS AND IMPLEMENTATION STATUS

<p><b>B.2</b> Ensure that incompatible revenue collection duties such as payment handling, deposit preparation, recordkeeping, and authorization are properly segregated to ensure accountability.</p> <p><b>Assessed Risk Level: High</b></p>	<p>Per Municipal Auditorium, revenue collection and deposit preparing are handled by one person and verified by another to ensure accountability.</p>	<p>Due to the COVID-19 pandemic, the box office has not been open since March 2020. Internal Audit could not ensure the implementation actions are in place. Review will occur when the box office reopens.</p>	<p><b>Unable to be determined</b></p>
<p><b>B.3</b> Deposit cash collections within one business day of receipt in accordance with financial policies.</p> <p><b>Assessed Risk Level: High</b></p>	<p>Per Municipal Auditorium, deposits are done next day when cash or checks are received.</p>	<p>Due to the COVID-19 pandemic, the box office has not been open since March 2020. Internal Audit could not ensure the implementation actions are in place. Review will occur when the box office reopens.</p>	<p><b>Unable to be determined</b></p>
<p><b>C.1</b> If Municipal Auditorium is authorized a new credit card, the cardholder should maintain adequate supporting documentation to support credit card transactions and exercise exempt status to avoid paying Tennessee sales tax.</p> <p><b>Assessed Risk Level: Medium</b></p>	<p>Municipal Auditorium discontinued use of a departmental credit card. Thus, there is no risk of sales tax payments on credit card purchases.</p>	<p>None</p>	<p><b>No longer applicable</b></p>
<p><b>D.1</b> Ensure that the recommendations from the 2011 report are fully implemented.</p> <p><b>Assessed Risk Level: Medium</b></p>	<p>See Below</p>	<p>See Below</p>	<p><b>Partially Implemented</b></p>
<p><b>D.1.1</b> Work with the Department of Finance to ensure capital assets are tracked throughout the asset's life cycle. This would include documentation of permanent or temporary transfers, disposals, and/or write-offs of missing or impaired assets.</p>	<p>Per Municipal Auditorium, a plan is in place to begin this in the summer of 2021, but nothing has been done as of this follow-up.</p>	<p>Internal Audit will follow-up on this when implemented, and the remaining recommendations are reviewed.</p> <p><b>Revised Date: August 2021</b></p>	<p><b>Not implemented</b></p>

## APPENDIX A – PRIOR RECOMMENDATIONS AND IMPLEMENTATION STATUS

<p><b>D.1.2</b> Annually conduct a physical inventory of capital and tracked assets to Metro Nashville Department of Finance, Division of Accounts.</p>	<p>Per Municipal Auditorium, no inventory has been taken as of the date of this follow-up, but a plan is in place to schedule an inventory in the summer of 2021.</p>	<p>Internal Audit will follow-up on this when implemented, and the remaining recommendations are reviewed.</p> <p><b>Revised Date: August 2021</b></p>	<p><b>Not implemented</b></p>
<p><b>D.1.3</b> Setup individual user accounts in the Ticketmaster system for each employee selling tickets at the box office and reconcile daily cash receipts to the Ticketmaster sales audit. To establish individual accountability, these employees should use separate tills (or locked cash bag) to keep their own sales proceeds.</p>	<p>Per Municipal Auditorium, Box Office staff have Ticketmaster logins with a lock box to secure cash.</p>	<p>Due to the COVID-19 pandemic, the box office has not been open since March 2020. Internal Audit could not ensure the implementation actions are in place. Review will occur when the box office reopens.</p>	<p><b>Unable to be determined</b></p>
<p><b>D.1.4</b> Submit all cash payments received to the bank for deposit within one business day of receipt and record all receipts into the accounting system within two days of receipt.</p>	<p>Per Municipal Auditorium, deposits are made next business day and cash receipts made in R12 as soon as the receipt is made available for supporting documentation.</p>	<p>Due to the COVID-19 pandemic, the box office has not been open since March 2020. Internal Audit could not ensure the implementation actions are in place. Review will occur when the box office reopens.</p>	<p><b>Unable to be determined</b></p>
<p><b>D.1.5</b> Establish procedures in accordance with Metro Civil Service Rules and Policy in relation to overtime compensation. This policy states that employees should be aware of the option of election of compensatory time and to establish proper approval and documentation for overtime needs.</p>	<p>Kronos time keeping system was implemented to track work hours and leave time. Utilization of Kronos enables setup of review levels to ensure approvals of compensatory time.</p>	<p>None</p>	<p><b>Fully Implemented/ Closed</b></p>

## APPENDIX A – PRIOR RECOMMENDATIONS AND IMPLEMENTATION STATUS

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<p><b>D.1.6</b> Consider adopting or creating a scheduling method to efficiently manage working hours around events.</p>	<p>Per Municipal Auditorium, schedules are uploaded in Kronos. Utilization of Kronos allows for efficiently manage events staffing.</p>	<p>Due to the COVID-19 pandemic, events have not occurred since March 2020. Internal Audit could not ensure the implementation actions are in place. Review will occur when events resume.</p>	<p><b>Unable to be determined</b></p>
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