



**A Report to the
Audit Committee**

Mayor
John Cooper

**Nashville Municipal Auditorium
General Managers**
Don Harris
Taneisha Alexander-Harvey

Audit Committee Members
Tom Bates
Kelly Flannery
Sharon Hurt
Kyonzte Toombs
Jim Shulman

**Audit Recommendations Follow-up –
Audit of the Nashville Municipal
Auditorium**
(Initial Report Issued October 25, 2019, and
Follow up May 4, 2021)

July 6, 2023

Metropolitan
Nashville
Office of
Internal Audit

EXECUTIVE SUMMARY

July 6, 2023



Why We Did This Audit

To evaluate management's implementation of previous audit recommendations as of March 31, 2023.

What We Recommend

There are no recommendations as management successfully implemented the initial audit recommendations.

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

BACKGROUND

On October 25, 2019, the Office of Internal Audit issued an audit of the Nashville Municipal Auditorium. The audit report included 12 recommendations for improving the operations of the Nashville Municipal Auditorium. All 12 recommendations were accepted by management for implementation. The 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. A follow-up was completed in May 2021, but due to the pandemic, the auditorium was closed causing most pending recommendations to not be implemented.

OBJECTIVES AND SCOPE

The objective of this follow-up audit is to determine whether management's action plans from the prior audit reports have been implemented.

The audit scope covers the status for the accepted recommendations included in the October 25, 2019, and May 4, 2021, Audit of the Nashville Municipal Auditorium.

WHAT WE FOUND

Six recommendations were made and accepted in the October 25, 2019, audit report. Additionally, six recommendations were not previously implemented from the 2011 audit report and were recommended to be implemented in the 2019 report.

An initial follow-up audit was performed in May 2021. Of the total 12 recommendations, 2 were confirmed implemented, 1 was no longer applicable, and 9 were either unable to be determined or were not implemented. Due to the COVID-19 pandemic, implementation of recommendations was delayed.

This audit focused on the remaining nine open recommendations. Of the nine recommendations, five recommendations were no longer applicable, and four recommendations were implemented. Details of the implementation status can be seen in **Appendix A**.

PRIOR RECOMMENDATIONS AND IMPLEMENTATION STATUS

The initial audit report resulted in six new recommendations, all of which were accepted by management for implementation. Additionally, six recommendations were not previously implemented from the 2011 audit report and were recommended to be implemented in the 2019 report.

An initial follow-up audit was performed in May 2021. Of the total 12 recommendations, 2 were confirmed implemented, 1 was no longer applicable, and 9 were either unable to be determined or were not implemented. Due to the COVID-19 pandemic, implementation of recommendations was delayed.

This follow-up audit focused on the nine pending recommendations. Of the nine recommendations that were pending all nine have been implemented and closed or are no longer applicable.

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

GOVERNMENT AUDITING STANDARDS COMPLIANCE

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

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

- Reviewed the documentation provided by management as evidence of completion.
- Visited the auditorium and did visual inspections

AUDIT TEAM

Elizabeth Andrews, 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	
Implemented	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.
Partially Implemented	The department or agency provided some evidence to support implementation progress but not of all elements of the recommendation were implemented.
Not Implemented / No Longer Applicable	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 the original audit report dated October 25, 2019 and follow-up report dated May 4, 2021 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>A.1 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>Assessed Risk Level: High</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>Fully Implemented/ Closed <i>(Follow-Up Audit on May 4, 2021)</i></p>
<p>B.1 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>Assessed Risk Level: High</p>	<p>Per Municipal Auditorium, each person has their own cash box and selling code now. This was confirmed in person in June 2022. However, in February 2023 the auditorium became cashless, making the recommendation no longer applicable.</p>	<p>None</p>	<p>No longer applicable</p>

APPENDIX A – PRIOR RECOMMENDATIONS AND IMPLEMENTATION STATUS

<p>B.2 Ensure that incompatible revenue collection duties such as payment handling, deposit preparation, recordkeeping, and authorization are properly segregated to ensure accountability.</p> <p>Assessed Risk Level: High</p>	<p>In February 2023 the auditorium became cashless. Deposits are no longer needed. The recommendation is no longer applicable.</p>	<p>None</p>	<p>No longer applicable</p>
<p>B.3 Deposit cash collections within one business day of receipt in accordance with financial policies.</p> <p>Assessed Risk Level: High</p>	<p>In February 2023 the auditorium became cashless. Deposits are no longer needed. The recommendation is no longer applicable.</p>	<p>None</p>	<p>No longer applicable</p>
<p>C.1 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>Assessed Risk Level: Medium</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>No longer applicable <i>(Follow-Up Audit on May 4, 2021)</i></p>
<p>D.1 Ensure that the recommendations from the 2011 report are fully implemented.</p> <p>Assessed Risk Level: Medium</p>	<p>All recommendations have been implemented. See D.1.1 – D.1.6 for details.</p>	<p>None</p>	<p>Fully Implemented/ Closed</p>
<p>D.1.1 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>The Municipal Auditorium worked with finance and was able to complete tracking including an excel spreadsheet. Inventory spreadsheet was reviewed.</p>	<p>None</p>	<p>Fully Implemented/ Closed</p>

APPENDIX A – PRIOR RECOMMENDATIONS AND IMPLEMENTATION STATUS

<p>D.1.2 Annually conduct a physical inventory of capital and tracked assets to Metro Nashville Department of Finance, Division of Accounts.</p>	<p>Per Municipal Auditorium, inventory was completed with the help of finance. Inventory spreadsheet was reviewed. The next scheduled inventory is January 2024.</p>	<p>None</p>	<p>Fully Implemented/ Closed</p>
<p>D.1.3 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. This was observed in person in June 2022. In February 2023 the auditorium became cashless, which makes the recommendation no longer applicable.</p>	<p>None</p>	<p>No longer applicable</p>
<p>D.1.4 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>The Municipal Auditorium is now a cashless venue as of February 2023. This was also confirmed with signs at the box office. The recommendation is no longer applicable.</p>	<p>None</p>	<p>No longer applicable</p>
<p>D.1.5 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. A sample of timesheets was selected and reviewed to ensure tracking and approval in Kronos.</p>	<p>None</p>	<p>Fully Implemented/ Closed (Follow-Up Audit on May 4, 2021)</p>

APPENDIX A – PRIOR RECOMMENDATIONS AND IMPLEMENTATION STATUS

D.1.6 Consider adopting or creating a scheduling method to efficiently manage working hours around events.	Schedules are uploaded in Kronos. Utilization of Kronos allows for efficiently manage events staffing. The auditorium has been using Kronos since January 2021. A sample of timesheets was selected and reviewed to ensure tracking and approval in Kronos.	None	Fully Implemented/ Closed
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APPENDIX B – MANAGEMENT’S RESPONSE

JOHN COOPER
MAYOR

NASHVILLE MUNICIPAL AUDITORIUM
417 FOURTH AVENUE NORTH
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METROPOLITAN GOVERNMENT NASHVILLE AND DAVIDSON COUNTY

July 5, 2023

Lauren Riley
Metropolitan Auditor
Office of Internal Audit

RE: Follow-Up Audit of the Nashville Municipal Auditorium

Dear Ms. Riley,

This letter acknowledges that the Nashville Municipal Auditorium has received the Follow-Up Audit and Recommendations.

As always, it was a pleasure working with you and your team. Please let us know if you have any additional questions.

Sincerely,

Don Harris / Taneisha Alexander-Harvey

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