



**METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY**

OFFICE OF INTERNAL AUDIT

Professional Audit and Advisory Service

REVISED FINAL REPORT

**Audit of the Metropolitan Nashville
Sports Authority's Contracts**

Initial Issued Date: May 16, 2011
Revised Issue Date: September 14, 2011

Office Location and Phone Number

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*The Metropolitan Nashville Office of Internal Audit is an independent audit agency
reporting directly to the Metropolitan Nashville Audit Committee*

EXECUTIVE SUMMARY
September 14, 2011

Results in Brief	Recommendations
<p>We performed an audit of compliance with contract terms pertaining to contract stipulations between the Metropolitan Nashville Sports Authority and the Bridgestone Arena Management Contract.</p> <p>Also, contract terms pertaining to contract stipulations between the Metropolitan Nashville Sports Authority and Central Parking LP Field Lot E Management Contract was reviewed.</p> <p>Key audit objectives and conclusions are as follows:</p> <p><u>Bridgestone Arena Management Contract</u></p> <ul style="list-style-type: none"> • Were incentive fee calculations reasonable and accurate? Yes. However, internal audit recommends actions to help alleviate foreseeable problems in the future. • Were ticket surcharge remittances complete and accurate? Yes. No material issues noted. • Were shared employee allocations to Arena operating expenses reasonable? Yes. However, a consensus on the appropriate allocation base can further ensure that future allocations are fair and equitable to both parties. <p><u>Central Parking Lot E Management Contract</u></p> <ul style="list-style-type: none"> • Were parking revenues from Lot E complete and accurate? No. Significant weaknesses were observed with accounting procedures employed by the Parking Manager inhibiting the assurance of accuracy and completeness of parking revenues. 	<p>Key recommendations of this report include:</p> <p><u>Bridgestone Arena Management Contract</u></p> <ul style="list-style-type: none"> • Arrive at a mutually agreed method for the calculation of incentive fees. • Develop a mutually acceptable allocation basis for shared employees that will be used for the remainder of the contract term and future contract negotiations. <p><u>Central Parking Lot E Management Contract</u></p> <ul style="list-style-type: none"> • Develop procedures with the Parking Manager that will ensure: <ul style="list-style-type: none"> ➤ Submission of complete supporting documents for all transactions. ➤ Reports presented to responsible parties within the Metropolitan Nashville Sports Authority and Metropolitan Nashville Finance are transparent, reconcilable, and understandable. <p>Management's response can be seen in Appendix A, page 14.</p>

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INTRODUCTION

AUDIT INITIATION

As part of the annual Audit Work Plan, the Office of Internal Audit conducted an audit of the Metropolitan Nashville Sports Authority's Contracts. The audit was conducted upon the request of the Metropolitan Nashville Sports Authority due to the financial impact the contracts have on the Metropolitan Nashville Government and its citizens and the Metropolitan Nashville Sports Authority.

Metropolitan Nashville Sports Authority contract monitoring terms state: "*The Contractor's activities conducted and records maintained pursuant to this Contract shall be subject to monitoring and evaluation by Metro, the Department of Finance/Division of Internal Audit, or their duly appointed representatives.*" Due to the limited resources of the Metropolitan Nashville Sports Authority, the Metropolitan Nashville Office of Internal Audit (hereinafter referred to as the "Office of Internal Audit") was requested to assist with the oversight of the Metropolitan Nashville Sports Authority's contract management efforts.

BACKGROUND

The Metropolitan Nashville Sports Authority was formed January 8, 1996, under the Sports Authority Act, *Tennessee Code Annotated § 67-6-101 et seq.* The Authority serves as a financing mechanism and landlord for Nashville's two professional sport venues, the Bridgestone Arena and LP Field. The Sports Authority Act gives the Authority the ability to implement a ticket surcharge and collect state and local sales tax generated by ticket, concession and merchandise sales in the two facilities. These revenue sources are used to pay the Metropolitan Nashville Sports Authority bond obligations on the Bridgestone Arena and LP Field.

The Metropolitan Nashville Sports Authority consists of a thirteen-member board, appointed by the Mayor and approved by Metropolitan Nashville Council. An executive director and an executive assistant oversee and manage the daily operations. Members of the Metropolitan Nashville Sports Authority are appointed by the Mayor for terms of four to six years.

As a part the Office of Internal Audit's efforts, the Metropolitan Nashville Sports Authority's current contract management processes were evaluated as they pertain to following agreements:

- The Amended and Restated Operating and Management Agreement by and between the Sports Authority of the Metropolitan Government of Nashville and Davidson County and Powers Management, LLC as of July 1, 2007.
- The Amended and Restated Operating and Management Agreement by and between the Sports Authority of the Metropolitan Government

of Nashville and Davidson County and the Nashville Hockey Club as of July 1, 2007.

- The Metropolitan Government of Nashville and Central Parking System of Tennessee, INC for Purchase of Services contract as of November 1, 2006.

FINANCIAL INFORMATION

Exhibit A - Metropolitan Nashville Sports Authority Balance Sheet as of June 30, 2010

ASSETS:	
Cash and cash equivalents	\$ 7,057,727
Investments	1,164,448
Accounts receivable	1,529,620
Accrued interest receivable	438
Due from the primary government	7,467,375
Total assets	\$17,219,608
LIABILITIES:	
Accounts payable	\$ 7,697,499
Accrued payroll	7,468
Due to the primary government	1,960
Deferred revenue	365,158
Total liabilities	\$ 8,072,085
FUND BALANCES:	
Undesignated	\$ 9,147,523
Total fund balances	9,147,523
Total liabilities and fund balances	\$17,219,608

Source: Metro Nashville Comprehensive Annual Financial Report for fiscal year 2010

Exhibit B - Metropolitan Nashville Sports Authority Statement of Revenues, Expenditures and Changes in Fund Balances for the Year Ended June 30, 2010

REVENUES:	
Local option sales tax	\$ 256,833
Other taxes, licenses and permits	1,737,500
Revenues from the use of money or property	9,076
Revenues from other governmental agencies	26,676,149
Charges for current services	2,965,285
Compensation for loss, sale or damage to property	697,151
Contributions and gifts	29,856
Total revenues	\$32,371,850
EXPENDITURES:	
Personal services	\$ 161,494
Contractual services	22,056,445
Supplies and materials	1,963
Other costs	346,085
Capital outlay	825,014
Debt service:	
Principal retirement	3,355,000
Interest	3,334,652
Total expenditures	\$30,080,653
Net change in fund balances	\$ 2,291,197
FUND BALANCES, beginning of year	6,856,326
FUND BALANCES, end of year	\$ 9,147,523

Source: Metro Nashville Comprehensive Annual Financial Report for fiscal year 2010

Exhibit C - Bridgestone Arena Seat User Revenues

Fiscal Year	2008	2009	2010
Hockey Seat User Revenues	\$ 908,618	\$ 783,544	\$ 774,768
Non-Hockey Seat User Revenues	500,322	663,374	653,898
Total Seat User Revenues	\$1,408,941	\$1,446,918	\$1,428,666

Source: Metro Finance Department and Bridgestone Arena Management

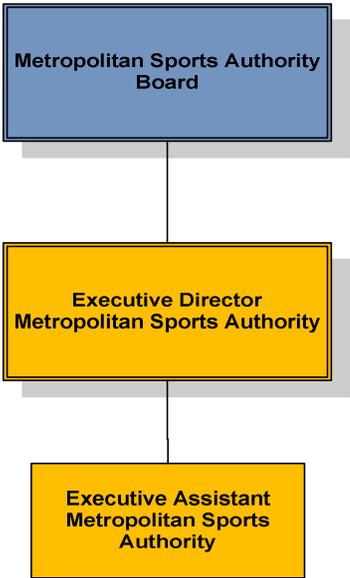
Exhibit D – Central Parking Revenues Lot E

Contract Year	2007	2008	2009	2010 ¹
Sports Authority's Share	\$124,020	\$91,953	\$117,361	\$29,920
Parking Manager's Share	83,703	66,436	80,117	29,920
Total Parking Revenues	\$207,723	\$158,389	\$197,478	\$59,840

Source: Metro Finance Department and Central Parking of Tennessee, Inc.

ORGANIZATION STRUCTURE

Exhibit E - Metropolitan Sports Authority Organizational Structure



¹ Partial totals from 11/1/09 through 4/30/2010

OBJECTIVES AND CONCLUSIONS

Bridgestone Arena Management Contract Objectives

1. *Were incentive fee calculations in compliance with Article IV section 4.2 of the contract?*

Yes. The Office of Internal Audit evaluated calculations as presented by the Arena Manager. The incentive fees, based on the material impact of various line item elements that go into the incentive fee schedule, were recalculated utilizing a 95 percent materiality threshold. The line items assessed included facility rent, food and beverage revenues, parking revenues, royalties from Ticketmaster, and seat user charges for non-hockey events. Additionally, in accordance to the pre-determined/contractual arrangement, state and local sales tax allocation, and seat user charges for hockey in determining the incentive fee threshold were verified. Utilizing the schedule provided by the Arena Manager, three judgmentally sampled months, September, January, and April for the fiscal year 2010 were evaluated. The review for the various line items was verified by performing recalculations, reviewing supporting documentation, and evaluating general ledger entries. The results of the review conducted did not reveal any material variance between the amounts presented and the supporting documents. The results thereby indicated that the Arena Manager has met the base requirements to avail of the incentive fees.

As an aside, during the course of the review, it has come to Office of Internal Audit's attention that the Arena Manager has been calculating incentive fees using two different methods: the "Gross Method" and the "Net Method". Furthermore, the Office of Internal Audit noted that the method in which the incentive fee will be calculated (whether net or gross) was not specifically defined within the terms of the contract. The base year of 2006 was calculated utilizing the net method. Our procedures followed the base year convention and were performed using the net method.

As of this review, there have been no issues pertaining to the use of either the net or gross method (because the Arena Manager has met all the requirements per the incentive fee clause regardless of the method used). However, a potential conflict may arise should the two calculations produce different outcomes; especially in instances wherein one method meets the revenue milestones and the other would not. The Office of Internal Audit sees this situation as a potential source of conflict that should be resolved prospectively. (See Observation A.)

2. *Were ticket surcharge remittances complete and accurate?*

Yes. In conjunction with evaluating the incentive fee calculations above, the Office of Internal Audit conducted an analysis of seat user fees for both non-hockey and hockey events. According to contract stipulations within the Amended and Restated License and Use Agreement of 2007, the seat user fees are: five percent (5%) of the ticket selling price, with a ceiling of two dollars (\$2) for non-hockey events and five percent (5%) of the ticket selling price up to a maximum of \$1.75 for hockey games.

Analytical evaluations and substantive tests, as well as recalculating seat user charges based on gross ticket sales, on all events held in the month of September, January, and April of the fiscal year 2010 were performed without any material exceptions being observed. Material variance was defined as any total variance exceeding five percent (5%) of the reported values. Results of the analysis indicate that variances range from less than one percent to 1.77 percent; values which were deemed immaterial.

3. Was the Arena maintained in good repair in accord with contractual requirements?

Yes. The Office of Internal Audit analyzed Arena maintenance expenditures, using both common size analysis and horizontal (through time) comparisons as a percentage of the overall operating expenses and noted no significant decreases in the expenditures for the Arena maintenance. In addition, the maintenance records for elevators and escalators were reviewed and indicated that preventive maintenance was conducted to ensure proper operation of facility equipment. That being stated, the Office of Internal Audit was not provided any documentation pertaining to a “*Manager’s Maintenance Program*” as defined in section 5.3 b of the Amended and Restated Operating and Management Agreement. This section of the contract defines the obligations of the Arena Manager as they pertain to keeping the Arena in good repair and includes specific requirements for tracking the maintenance and history of Arena equipment, fixtures, and furnishings. The program also requires the use of a computerized system that develops a maintenance history for the facility. (See Observation B.)

4. Was the allocation of shared employee expenses to the Arena operations accurate?

Yes. Section 5.11c of the Amended and Restated Operating and Management Agreement acknowledges that certain employees have work responsibilities and functions that overlap from the management of the Nashville Predators (Team) to the management of Arena operations. The contract further states that the costs of shared employees shall be allotted fairly and equitably. Due to the inherent limitations and difficulty posed by assessing the “fairness and equity” of executive compensation, the Office of Internal Audit limited substantive tests to conduct an objective review of assessing the overall accuracy of the allocation process. We thereby focused on ascertaining whether: a) an allocation method exists and b) whether these allocations were the actual amounts charged to personnel costs.

The Office of Internal Audit was provided with a copy of the fiscal year 2011 allocation schedule and evaluated twelve shared employees included within that schedule. The audit used the allocation percentage basis, as presented by the Arena Manager, to trace these expenses to the general ledger. In all instances, the review was able to verify the amounts charged to the general ledger and no material deviations were discovered.

We noted, during the course of the review, that the procedure for the allocation process was not clearly defined and there was no consensus

between the Metropolitan Nashville Sports Authority and the Arena Manager in utilizing a method that can be construed as “fair and equitable” to both parties. In addition, we also observed that on certain instances, both parties can benefit by either negotiating a pre-defined allocation basis or utilizing a slightly more sophisticated methodology (such as activity-based costing) rather than the rudimentary methods currently in use. By virtue of an improved or negotiated process both parties can benefit from the desired “fair and equitable” conditions. (See Observation C.)

Central Parking Lot E Management Contract Objectives

5. Were parking remittances from Lot E complete and accurate?

No. Results of analytical and substantive review indicate that management should not place reliance on the completeness and accuracy of the summary reports provided by the Parking Manager to the Metropolitan Nashville Sports Authority and the Metropolitan Nashville Finance Department. The auditor noted the following:

- Receipt of remittances or accounting for remittances was consistently late. (See Observation D.)
- Reports provided to the Sports Authority contained items that are not readily reconcilable. (See Observation E.)
- Reports provided to the Sports Authority contained irregular transactions. (See Observation E.)
- Transaction details do not tie-in with the provided summary reports. (See Observation F.)

OBSERVATIONS AND RECOMMENDATIONS

Bridgestone Arena Management Contract

A – Incongruent Methods for Calculating Incentive Fees May Cause Potential Conflicts in the Future

The method in which the incentive fee will be calculated (whether "Gross Method" or the "Net Method") was not specifically defined within the terms of the contract. The Arena Manager has been calculating incentive fees using both methods: the "Gross Method" and the "Net Method". The incentive fee base year of 2006 was calculated utilizing the "Net Method". The purpose of the incentive fee is to motivate the Arena Manager to manage operations of the Arena for the maximum public benefit.

As of this review, there have been no issues pertaining to the use of either the net or gross method (because the Arena Manager has met all the requirements per the incentive fee clause regardless of the method used). However, a potential conflict may arise should the two calculations produce different outcomes; especially in instances wherein one method meets the revenue milestones and the other would not. A potential conflict may arise should the two calculation methods produce different outcomes. The perceived problems can be alleviated by eliminating the potential source of conflict and arriving at a mutually acceptable calculation method that will be applied moving forward.

Criteria:

- The Amended and Restated Operating and Management Agreement by and between the Sports Authority of the Metropolitan Government of Nashville and Davidson County and Powers Management, LLC, Article IV, section 4.2.
- Prudent Business Practice.

Risk:

The inability to arrive at a mutually acceptable method can lead to problems that may ultimately require legal intercession when dissimilar accounting methods result in different conclusions for incentive fee calculations.

Recommendation:

Metropolitan Nashville Sports Authority management and the Arena Manager should negotiate a mutually agreed upon understanding on the singular method that will be used to calculate incentive fees.

B – Formal Implementation of the Manager’s Maintenance Program

Although our reviews, both analytical and substantive, indicate that acceptable maintenance procedures were being performed to keep the Arena in good repair, the Manager’s Maintenance Program as described in section 5.3 (b) of the Amended and Restated Operating and Management Agreement was currently not deployed. A formalized computer-based work order

program that tracks the complete maintenance history of the Arena, as required by the contract, can help ensure the proper function of Arena equipment, fixtures, and furnishings. This would in turn, prolong the serviceable life of the asset and help preserve its future value.

Another additional benefit that can be derived from the maintenance program is that it can be used to help identify and inventory assets. As of the reporting date, there are no formalized inventory/identification system that determines the eventual ownership of deployed assets and whether the property belongs to the Sports Authority or the Arena Manager. The maintenance program can be expanded to help assist in this endeavor.

Criteria:

- The Amended and Restated Operating and Management Agreement by and between the Sports Authority of the Metropolitan Government of Nashville and Davidson County and Powers Management, LLC section 5.3 (b).
- Prudent Business Practice.

Risk:

The lack of a systematic maintenance program cannot ensure that all equipment, fixtures, and furnishings are functioning optimally.

Recommendation:

Metropolitan Nashville Sports Authority management should encourage the Arena Manager to follow contractual obligations to formally implement the Manager's Maintenance Program.

C – Formalize the Methodology for the Expense Allocation of Shared Employees

The current expense allocation for shared employees was not formalized in the manner that can be applied consistently to achieve the desired equity and fairness for both parties. Formalizing shared employee allocations, either by negotiation or by utilizing a more sophisticated method, benefits both the Metropolitan Nashville Sports Authority and the Arena Manager. The latter solution may require the assistance of a subject matter expert who can perform an operational study to arrive at a fair, equitable, and mutually accepted allocation method that will enhance and achieve the desired outcomes as stated in section 5.11b of the Amended and Restated Operating and Management Agreement.

Criteria:

- The Amended and Restated Operating and Management Agreement by and between the Sports Authority of the Metropolitan Government of Nashville and Davidson County and Powers Management, LLC.
- Prudent Business Practice.

Risk:

The absence of a well defined and mutually agreed upon allocation process inhibits the achievement of a fair and equitable division of shared employee costs.

Recommendation:

Metropolitan Nashville Sports Authority management should work with the Arena Manager to negotiate a fair and equitable allocation process or proceed with utilizing a mutually acceptable third party subject matter expert that will conduct a thorough assessment of the appropriate allocation basis that will be fair and equitable to both parties.

Central Parking Lot E Management Contract

D – Receipt or Accounting for Parking Remittances was Late

The Office of Internal Audit review of existing revenue records and receiving vouchers indicated that the Parking Manager was not remitting revenue by the 15th day of each month or Sports Authority management was not processing parking revenue remittances in a timely manner. Records provided by the Parking Manager show check dates prior to the 15th day of each month. However, Metropolitan Nashville accounting records for deposits of checks from the Parking Manager indicated receipts were late in 40 (95%) out of 42 remittance transactions evaluated. Metropolitan Nashville accounting records indicated instances of late payments exceeding 75 days after the due date.

Criteria:

The Metropolitan Government of Nashville and Central Parking System of Tennessee, INC for Purchase of Services contract as of November 1, 2006, includes the response to the Request for Proposal 06-86. The response represented that the Parking Manager will pay the Sports Authority:

“...its net revenue from the lots in a monthly remittance by the 15th day of each month for the previous month.”

Metropolitan Nashville Finance Department Treasury Police # 9, Cash Deposits general policies state:

“Cash will be deposited into the depository bank within 1 business day of receiving the payment at the point of collection, whether it is a department, agency or other entity in Metro. Cash deposits will be entered into the general ledger within 2 business days of making the deposit to the bank. It is the department’s responsibility to make sure all deposits are entered correctly and promptly into the general ledger.”

Risk:

Late payments affect the cash flows of the Metropolitan Nashville Sports Authority.

Recommendation:

Metropolitan Nashville Sports Authority management should work with the Parking Manager and enable the use of electronic funds transfer to ensure the timely remittance of monthly parking revenues. Additionally, we recommend consideration be given to amending the contract to provide for monetary penalties, in the form of additional interests, when time requirements for remittances are not met.

E – Parking Manager Provides Inconsistent Reports for Daily Transactions

The reports provided by the Parking Manager to the Metropolitan Nashville Sports Authority and the Metropolitan Nashville Finance Department were irreconcilable. The auditor reviewed the transaction summaries and noted several transactions that were contradictory to the expected values, for example:

- Total cash for December 1, 2006, through October 31, 2007, shows total cash of \$224,909 while total revenues were \$148,825 – the discrepancy was primarily caused by a \$66,358 charge that was included in the miscellaneous revenues column but does not show as a part of the total revenues column. Supporting documents for this transaction were not provided.
- 578 (60%) out of 972, collection days show zero car counts although revenues were collected; indicating inefficient recordkeeping.
- 69 collection days show car counts greater than total revenues; indicating that average collection per car was less than a dollar. This is irregular since the minimum rate is at least one dollar throughout the contract period.
- 32 collection days show zero or negative total cash. Three collection days show negative revenues collected.
- 487 (50%) out of 972 collection days, show total cash as equal total revenues; indicating that there were no credit card transactions for these days.

These results are indicative of inefficient recordkeeping that should be addressed moving forward.

Criteria:

- The Metropolitan Government of Nashville and Central Parking System of Tennessee, INC for Purchase of Services contract as of November 1, 2006.
- Prudent business practice.

Risk:

Disjointed reports lead to irreconcilable transactions which can be the result of inefficient and inaccurate recordkeeping or data manipulation.

Recommendation:

Metropolitan Nashville Sports Authority management should require the Parking Manager to provide reports that are transparent, reconcilable, and understandable to responsible parties within the Metropolitan Nashville Sports Authority and Metropolitan Nashville Finance Department.

F – Inadequate Support for Daily Parking Transactions

The Office of Internal Audit test work indicated several issues with the underlying supporting documentation provided by the Parking Manager. We observed the following during the substantive tests:

- Cash transactions were not being booked on the day of collection.
- Credit card transaction reports that were not supported.
- Excessive cash over and under that did not have adequate support.
- Adjustments being made without any traceable and verifiable reason for the adjustments.

Criteria:

- The Metropolitan Government of Nashville and Central Parking System of Tennessee, INC for Purchase of Services contract as of November 1, 2006.
- Prudent business practice.

Risk:

Lack of transparency for ascertaining the nature of the transactions creates doubts as to the accuracy of the monthly reports provided to the Metropolitan Nashville Sports Authority and Metropolitan Nashville Finance Department.

Recommendation:

Metropolitan Nashville Sports Authority management should require the Parking Manager to provide and include supporting details of daily transactions with the monthly revenue reports sent to the Metropolitan Nashville Sports Authority and Metropolitan Nashville Finance Department.

GENERAL AUDIT INFORMATION

STATEMENT OF COMPLIANCE WITH GAGAS

We conducted this contact compliance audit from May 2010 to February 2011 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 observations 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.

SCOPE AND METHODOLOGY

The audit period focused primarily on the period July 1, 2006, through December 31, 2010, financial balances, transactions, and performance on the processes in place during the time of the audit.

The methodology employed throughout this audit was one of objectively reviewing various forms of documentation, financial information, various forms of data, reports and information pertaining to the specific contracts between the Metropolitan Nashville Sports Authority and Powers Management and between the Metropolitan Nashville Sports Authority and Central Parking of Tennessee.

CRITERIA

In conducting this audit, the existing processes were evaluated for compliance with:

- The Amended and Restated Operating and Management Agreement by and between the Sports Authority of the Metropolitan Government of Nashville and Davidson County and Powers Management, LLC as of July 1, 2007.
- The Amended and Restated Operating and Management Agreement by and between the Sports Authority of the Metropolitan Government of Nashville and Davidson County and the Nashville Hockey Club as of July 1, 2007.
- The Metropolitan Government of Nashville and Central Parking System of Tennessee, INC for Purchase of Services contract as of November 1, 2006.
- Prudent Business Practice.

STAFF ACKNOWLEDGEMENT

Mark Swann, CPA (Texas), CIA, CISA, Metropolitan Auditor
Mel Marcella, CPA, CMA, CIA, CISA, CFE, In Charge Auditor

APPENDIX A. MANAGEMENT RESPONSE

- Management's Responses Starts on Next Page -



KARL DEAN - MAYOR

THE SPORTS AUTHORITY
OF THE METROPOLITAN GOVERNMENT
OF NASHVILLE AND DAVIDSON COUNTY

222 3RD AVENUE NORTH, SUITE 300 • NASHVILLE, TN 37201
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April 4, 2011

Mr. Mark Swann
Metropolitan Auditor
Office of Internal Audit
222 3rd Avenue North, Suite 401

Re: Metro Sports Authority

Dear Mr. Swann:

This letter acknowledges that the Metropolitan Sports Authority received the report entitled; Audit of the Metro Sports Authority. The department has evaluated all of the audit recommendations raised in the report. Each audit recommendation and suggested action plan for correction has been considered. Whenever possible, changes have or will soon be implemented. Specific concerns that may impede implementation of some recommendations are expressed in the attached response.

The Metro Sports Authority would like to express its appreciation for your assistance and cooperation during this process. Any improvement that this department can make toward increasing the efficiency of the Metropolitan Government is always welcomed.

Sincerely,

Emmett Edwards
Executive Director

Cc. J.D. Elliott, Chairman

**Metropolitan Nashville Sports Authority's
Management Response to Audit Recommendations – April 2011**

Report Item and Description	Response to Recommendation / Action Plan	Assigned Responsibility	Estimated Completion
<u>Bridgestone Arena Management Contract</u>			
A. Metropolitan Nashville Sports Authority management and the Arena Manager should negotiate a mutually agreed upon understanding on the singular method that will be used to calculate incentive fees.	Accept. Action Plan - Sports Authority will negotiate a mutually agreed upon method with the Arena Manager	Sports Authority/ Arena Manager	
B. Metropolitan Nashville Sports Authority management should encourage the Arena Manager to follow contractual obligations to formally implement the Manager's Maintenance Program.	Accept. Action Plan - Sports Authority and Arena Manager will develop an agreed upon implementation plan.	Sports Authority/ Arena Manager	
C. Metropolitan Nashville Sports Authority management should work with the Arena Manager to negotiate a fair and equitable allocation process or proceed with utilizing a mutually acceptable third party subject matter expert that will conduct a thorough assessment of the appropriate allocation basis that will be fair and equitable to both parties.	Accept. Action Plan - Sports Authority and Arena Manager to develop a fair and equitable system utilizing a third party expert for assessment of appropriate allocation basis.	Sports Authority/ Arena Manager	
<u>Central Parking Lot E Management Contract</u>			
D. Metropolitan Nashville Sports Authority management should work with the Parking Manager and enable the use of electronic funds transfer to ensure the timely remittance of monthly parking revenues. Additionally, we recommend consideration be given to amending the contract to provide for monetary penalties, in the form of additional interests, when time requirements for remittances are not met.	Accept. Action Plan - Sports Authority will work with current and future parking managers to ensure the timely remittance of monthly parking revenues through the use of electronic funds transfer. A contract amendment providing for monetary penalties may be considered, if necessary.	Sports Authority/ Parking Manager	
E. Metropolitan Nashville Sports Authority management should require the Parking Manager to provide reports that are transparent, reconcilable, and understandable to responsible parties within the Metropolitan Nashville Sports Authority and Metropolitan Nashville Finance Department.	Accept. Action Plan - Sports Authority, through the procurement process, will require its Parking Manager to provide transparent, reconcilable, and understandable reports to the Sports Authority and Metro Finance Department.	Sports Authority/ Parking Manager	

**Metropolitan Nashville Sports Authority's
Management Response to Audit Recommendations - April 2011**

Report Item and Description	Response to Recommendation / Action Plan	Assigned Responsibility	Estimated Completion
<p>F. Metropolitan Nashville Sports Authority management should require the Parking Manager to provide and include supporting details of daily transactions with the monthly revenue reports sent to the Metropolitan Nashville Sports Authority and Metropolitan Nashville Finance Department.</p>	<p>Accept. Action Plan - Sports Authority, through the procurement process, will require its Parking Manager to include in all monthly revenue reports to the Sports Authority and Metro Finance the supporting details of daily transactions.</p>	<p>Sports Authority/ Parking Manager</p>	