METROPOLITAN NASHVILLE GOVERNMENT

OFFICE OF INTERNAL AUDIT

Audit of New Nissan Stadium Construction Project

For the period

April 26, 2023 through July 31, 2025

June 10, 2026

EXECUTIVE SUMMARY

Why This Audit Matters

The Metropolitan Council approved the construction of a new Nissan Stadium in Spring 2023. The stadium will serve as the home of the Tennessee Titans football team and will also host other sporting, entertainment, and civic events. The total cost of construction is estimated to be approximately $2.23 billion, and funding sources include the Tennessee Titans, Metropolitan Sports Authority, and the State of Tennessee.

Audit Objectives and Scope

Baker Tilly Advisory Group, LP was engaged by the Office of Internal Audit to conduct interim construction audits of the New Nissan Stadium. The primary objective of this audit was to evaluate the design and effectiveness of the internal controls related to the New Nissan Stadium Construction Project for the period April 26, 2023, through July 31, 2025. Areas of audit emphasis included, but were not limited to:

- Governance, Oversight, and Public Accountability;
- Schedule and Delivery Management;
- Financial Management and Reporting;
- Procurement; and
- Design, Construction, and Contractual Compliance

Observations and Recommendations

The work performed resulted in one medium risk and two low risk observations. Related recommendations were accepted with corresponding action plans.

Audit Team

Baker Tilly Advisory Group, LP
Bill Walker, Office of Internal Audit, Assistant Director
Lauren Riley, Office of Internal Audit, Metropolitan Auditor

Appendix A: Report from Baker Tilly Advisory Group, LP

Baker Tilly Advisory Group, LP was hired to assist with this engagement. The firm issued a report to the Office of Internal Audit, with details on objectives, methodology, findings, and recommendations. The report begins on the next page.

Metropolitan Government of Nashville and Davidson County

New Nissan Stadium Construction Project

For the period
April 26, 2023 through July 31, 2025

bakertilly

This audit was performed at the request of the Metropolitan Nashville Office of Internal Audit. As such, the Tennessee Open Records Act makes this report subject to public disclosure.

Metropolitan Government of Nashville and Davidson County

New Nissan Stadium Construction Project

Table of Contents

Report Distribution:

Name	**Title**
Monica Fawknotson	Metropolitan Sports Authority President
Jennifer Pedginski	Metro Chief Accountant
Christopher Wood	Metro Business Assistance Office Manager
Kellen DeCoursey	Titans New Stadium Project Executive
John Gromos	TBA Project Executive
Steve Laurila	TBA Project Executive
Joe Fuda	TBA Finance Manager
Todd Missel	TBA Quality Manager
Shaun Mason	CAA ICON SVP
Kevin McGrath	CAA ICON VP
Heather Hill	Cumming Group VP
Karzan Mohamad-Ali	Cumming Group Senior Project Manager
Robert O’Keefe	TVS Principal
Liz Heath	TVS SVP
Adam Spitz	TVS Senior Architect/Associate Principal

Additional Distribution:

Name	**Title**
Lauren Riley	Metropolitan Auditor
William Walker	Office of Internal Audit - Assistant Director

I. Executive Summary

Introduction

Baker Tilly Advisory Group, LP performed certain internal audit services for The Metropolitan Government of Nashville and Davidson County Office of Internal Audit related to the new Nissan Stadium Construction Project. Our services were performed in accordance with contract number 6556224 between The Metropolitan Government of Nashville and Davidson County (Metro) and Baker Tilly Advisory Group, LP. 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 findings and conclusions based on our audit objectives.

Sampling

Audit procedures were designed to support the audit objectives and included inquiry, observation, document review, data analysis, and transaction and control testing. The audit employed random, judgmental, and haphazard sampling techniques based on risk assessment, population characteristics, risk of material noncompliance, and professional judgment. Criteria used for evaluation included policies, contractual requirements, and best practices.

Sample results were evaluated in combination with other audit evidence. For non-statistical samples (judgmental and haphazard), results were used to assess the nature and potential significance of conditions identified rather than to estimate their frequency or magnitude within the population.

New Nissan Stadium Construction Project Background

The Metropolitan (Metro) Council approved the construction of a new Nissan Stadium in Spring 2023. The stadium will serve as the home of the Tennessee Titans football team and will also host other sporting, entertainment, and civic events. The land the Stadium will be built on is owned by the Nashville Metro Government, who has agreed to lease the land to the Metropolitan Sports Authority (MSA), and Metro has delegated authority to MSA for the financing, construction, operation, and sub-leasing of the new stadium. Groundbreaking for the new stadium occurred on February 29, 2024, and construction of the new stadium is expected to be substantially completed by February 2027.

The scale and complex nature of this construction project includes a network of various contracts and stakeholders, including Metro, the State of Tennessee, the Tennessee Titans, the construction manager, Tennessee Builders Alliance (TBA), project managers, owner’s representatives, general contractors, and subcontractors (collectively referred as “the project team”). The total cost of construction is estimated to be approximately $2.23 billion, and funding sources include the Tennessee Titans, MSA, and the State of Tennessee.

Audit Scope and Objectives

Our primary objective was to evaluate the design and effectiveness of the internal controls related to the New Nissan Stadium Construction Project for the period April 26, 2023 through July 31, 2025. Areas of audit emphasis included, but were not limited to:

- Governance, Oversight, and Public Accountability;
- Schedule and Delivery Management;
- Financial Management and Reporting;
- Procurement; and
- Design, Construction, and Contractual Compliance.

In order to achieve our audit objectives, we performed the following procedures:

- Reviewed applicable agreements and contracts;
- Gained an understanding of processes and controls in place during the audit period; and
- Tested controls implemented by the project team.

Testing procedures included the following:

Test	Description
Inspection	Inspected documents and reporting indicating performance of control activity.
Observation	Observed application of specific control activities.
Inquiry	Inquired with key personnel and corroborated responses with management.

II. Overview of Results

During the course of our work, we discussed potential observations with management. A summary of key issues is provided later in **Section III** along with our risk level assessment.

In order to enhance your understanding of each specific observation, we have provided a risk level, defined as follows:

High – Requires immediate management attention. This is a serious internal control or risk management issue that may, with a high degree of certainty, lead to substantial losses, serious reputation damage, or significant adverse impact.

Medium – Requires timely management attention. This is an internal control or risk management issue that may lead to financial losses, reputation damage, or adverse impact, such as public sanctions or immaterial fines.

Low – Routine management attention is warranted. This is an internal control or risk management issue, the solution to which may lead to improvement in the quality and/or efficiency of the process being tested. Risks are limited.

Based on our procedures and assessment of the observations noted, we have provided an overall audit grade. The audit grade is not intended to usurp ultimate risk assessment responsibility, which is vested with the audit committee and management. Overall audit grades are defined as follows:

Satisfactory – Observations are limited to minor deviations from policy or regulatory requirements resulting in nominal risk to the organization. The design and operating effectiveness of controls evaluated during the audit appear adequate and reasonable. However, because of inherent limitations in any system of internal control, errors or irregularities may occur and not be detected. Therefore, absolute reliance should not be placed on these controls.

Needs Improvement – Observations include an aggregation of minor deviations and/or major deviations from policy or regulatory requirements resulting in reasonable probability of further misstatements or violations, if not corrected promptly. The design and operating effectiveness of controls evaluated during the audit appear to be less than adequate, and limited reliance can be placed on these controls.

Unsatisfactory – Observations include an aggregation of minor deviations and/or major deviations from policy or regulatory requirements resulting in probable misstatements or violations that could be significantly detrimental. Immediate corrective action by high-level management will be desirable. Findings in this category will immediately be reported to the appropriate level to ensure timely action can be taken. The design and operating effectiveness of controls evaluated during the audit are not effective and should not be considered reliable.

III. Observations and Conclusion Summary

The following table identifies the functional area tested where observations exist, along with the number of observations by risk level. Red reflects audit observations that are considered high risk, yellow reflects audit observations of medium risk, and green reflects observations of low risk.

Internal Audit Area	Auditor's Grade	High	Medium	Low	Page
Inconsistent Documentation of Non-Conforming Conditions	Satisfactory	-	1	-	6
Pay Application Documentation and Lien Waiver Compliance		-	-	1	7
Delayed DBE Reporting		-	-	1	9
Total		**-**	**1**	**2**	

Conclusion Summary

One medium-risk and two low-risk issues were identified during our procedures, and our recommendations for the observations noted provide an opportunity to strengthen internal controls and processes. Our detailed observations and recommendations are described in **Section IV** of this report.

We appreciate the cooperation extended to us by various personnel and are pleased to be of service. If there are any questions or comments regarding this report, please contact us. Contact information for the principal and manager overseeing this work is presented below.

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IV. Observations and Recommendations

Observation A: **Inconsistent Documentation of Non-Conforming Conditions**
Risk Level: **Medium**

Non-conforming conditions identified within the architect's quality field reports are not consistently recorded in the construction and quality management system. Of the 27 quality observations inspected, many of the non-conforming observations documented within the architect's quality field reports could not be traced to corresponding entries within the construction and quality management system. The inconsistency appears to result from differing interpretations of what constitutes a non-conforming condition, the practice of working additional observations into existing system entries, and inconsistent communication and enforcement of the Contractor's Project-Specific Quality Plan. Further, decisions to utilize preexisting system entries to track observations are not formally documented or communicated. As a result, the full extent of unrecorded non-conforming conditions is unclear.

In addition, the architect was not granted system access to record non-conforming items directly within the construction and quality management system or to document verification of remediation once corrective actions have been completed.

Risk: Incomplete documentation of quality issues within the centralized system may limit the project's ability to demonstrate that all identified quality matters have been appropriately tracked, addressed, and resolved. Additionally, because the construction manager is responsible for both recording and managing quality issues within the system, independent oversight of how quality issues are documented and resolved is reduced.

Recommendation: The architect and construction manager should establish a standardized process for identifying, documenting, and tracking non-conforming conditions within the construction and quality management system. This process should include clearly defined criteria for what constitutes a non-conforming condition to ensure consistent interpretation and reporting among the architect, construction manager, and other relevant project stakeholders.

In addition, the construction manager should evaluate providing the architect with access to the construction and quality management system to allow for direct documentation of non-conforming conditions and verification of remediation once corrective actions have been completed. Where direct system access is not feasible, a formal process should be implemented to ensure identified non-conforming items are consistently logged in the construction and quality management system and reconciled with the centralized tracking system to improve transparency, accountability, and demonstrate effective quality management practices.

Management's Response: *The TBA project team reviews field observation reports and non-conforming items issued by the Architect of Record and their Consultants to have dialogue on which items are considered "work in progress" vs. "non-conforming". The team utilizes Procore project administration software and provides comments (i.e. non-conforming vs. work in progress) on observations issued by the Architect of Record in the system. This process has been in place since the*

4th quarter of 2024 after Procore was agreed to be the software for quality issue tracking. Early in the project there were items not necessarily tracked as non-conforming as they considered work in progress. Moving forward, TBA will diligently and clearly define all non-conforming conditions and will ensure that every item that is identified as a "work-in-progress" is logged and tracked in a manner consistent with the non-conforming items until the Architect of Record and their Consultants agree that these items truly are work-in-progress and may be closed. Also, the Architect and their Consultants now have access to directly enter what they consider non-conforming items into Procore. Previously this direct access was not in place to allow TBA as the Construction Manager to review and vet potential non-conforming items prior to posting them into the system. TBA will ensure that every item entered into Procore by the Architect and their Consultants is resolved to the satisfaction of the Architect and their Consultants, regardless of independent interpretation of the item being non-conforming vs. work-in-progress.

Responsibility: *Todd Missel, TBA Quality Manager; Steve Laurila, TBA Project Executive*

Implementation Date: *Implementation of the process is complete with continuous refinement.*

Observation B: **Pay Application Documentation and Lien Waiver Compliance**
Risk Level: **Low**

During testing of payment applications, we noted that while the construction manager provides documentation necessary to support each payment application, certain required documents are not consistently included within the pay application package itself, as required by Section 9.3 of the *Agreement for Preconstruction and Construction Management Services*. Instead, these documents are provided separately and at varying times, reducing alignment and transparency of the payment review process. Documentation not included within the pay application package, as required, include:

- The overall construction schedule, detailing each subcontractor, sub-subcontractor, and major supplier performing work or furnishing materials during the period covered by the payment application;
- The TBA monthly status report;
- The open change request log; and
- The insurance certificate log.

In addition, notary seals and signatures are not consistently included with conditional lien waivers submitted with payment applications. Notarization of payment applications is expected in order to verify the identity of the signer and reduce the risk of fraudulent or improperly executed waivers. However, it is our understanding that for this particular project, the tight turnaround time for reviewing and approving payment applications often limits the ability to obtain notarization on subcontractor payment applications prior to payment release.
In these instances, payments proceed to avoid delays. However, notarization is not always obtained from subcontractors afterward. As a result, some conditional lien waivers remain without the notary seal or signature for subcontractors.

Risk: Payment applications may be reviewed and approved without complete, timely, and centralized information, reducing transparency and alignment among project stakeholders. This increases the likelihood of errors or omissions during payment review. In addition, although lien waiver language has been updated to ensure waivers cover all work performed and payments requested to date, failure to consistently obtain proper notarization for subcontractors increases the risk that waivers may not be fully validated or enforceable. This may reduce assurance that the signer's identity and authorization have been verified and increase the potential for disputes, fraudulent documentation, or unresolved lien claims against the project.

Recommendation: The construction manager should ensure that all documentation required under Section 9.3 of the *Agreement for Preconstruction and Construction Management Services* is consistently included within the payment application package at the time of submission to ensure reviewers have complete and consistent information available when evaluating payment requests and improve transparency in the payment review process. In addition, the construction manager should reinforce the need for conditional lien waivers to include signatures and notary seals prior to payment approval, where applicable.

Management's Response: *TBA prepares a monthly report on or around the 5th of each month following a pay application. This report includes a project status update, schedule update, change request logs, safety statistics, quality observations, and the submitted pay application reflecting work completed through the end of the previous month. The timeline was set at the project's outset so data from the last day of the month could be compiled in the first 3-5 days of the next month for reporting.*

Originally, the final monthly pay application was submitted on or about the 5th of each month, coinciding with the monthly report. In mid-2025, the submission deadline was adjusted to the 1st of the following month to allow additional time for review. Consequently, the pay application and monthly report are now separated by approximately five days.

For other documentation related to the pay application process, TBA aims to have all documents ready before the review meeting with the Program Manager and Metropolitan Sports Authority (MSA) representatives. A draft pay application is submitted around the 20th of each month, followed by a review meeting with TBA, the Program Manager, the Lender's representative, and MSA representatives around the 25th. Any comments or missing items are addressed in the final pay application, which is submitted on or about the 1st of the following month.

To further strengthen the payment application review process, the project team will implement a pay application checklist to ensure all documentation required by Section 9.3 of the Agreement for Preconstruction and Construction Management Services is included in the package at submission. The monthly report will continue to lag behind the pay application by about five days.

Responsibility: *Joe Fuda, TBA Financial Manager*

Implementation Date: *Implementation of the process is complete with continuous refinement.*

Observation C: **Delayed DBE Reporting**
Risk Level: **Low**

Delays in receiving DBE payment confirmation documentation have resulted in temporary underreporting of DBE payments eligible for credit. For example, during testing we identified a vendor payment made in February 2025 of approximately $300,000 that was not included in reported DBE payments until September 2025 because the required confirmation documentation had not yet been provided by the primary contractor.

Risk: Although DBE payment credits have not been overstated, delays in reporting of DBE payments may create the perception that DBE participation goals are not being met or are progressing more slowly than actual performance. In addition, continued delays could impact the project team's ability to monitor DBE participation in a timely manner and may result in noncompliance with DBE participation requirements or reduced transparency over program performance.

Recommendation: The project team should implement procedures to ensure the timely submission and tracking of DBE payment confirmation documentation from eligible contractors. This may include establishing clearer submission deadlines and conducting more regular follow-ups with contractors to obtain missing documentation in a timely manner.

Management's Response: *To reduce the risk of delayed recognition, the project team will implement an enhanced procedure to improve the timeliness of DBE payment confirmation reporting. This procedure will include adding a monthly defined submission deadline for contractor DBE payment confirmation documentation to the current procedures of tracking outstanding submissions, performing routine follow-up on delinquent items, and escalating delinquent items when necessary. This action is intended to align and improve the timeliness and transparency of DBE reporting while supporting ongoing monitoring of participation goals.*

Responsibility: *Mike Dooley, TBA PD/Contract Manager; Susan Vanderbilt, TBA Business D&I*

Implementation Date: *Implementation of the process is complete with continuous refinement.*