



**METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY**

OFFICE OF INTERNAL AUDIT

Professional Audit and Advisory Service

FINAL REPORT



**Metro Nashville Expo Center's
Food and Beverage Services
Operations Management Contract with
Ovations Food Services, LP
August 1, 2006 through December 31, 2012**

Date Issued: May 3, 2013

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

May 3, 2013

Results in Brief	Background and Recommendations												
<p><i>An audit of the Metropolitan Nashville Expo Center portion of the contract with Ovations Food Services, LP was performed.</i></p> <p style="text-align: center;">Audit Objectives</p> <ul style="list-style-type: none"> • <i>Did the Metropolitan Nashville Expo Center adequately monitor contractor performance?</i> <p>No. The majority of problematic issues regarding commissions, marketing funds, capital reserve funds, subcontractor commissions and service, required certified public accountant opinions and equipment status were not addressed in a timely manner. Documentation was not always retained regarding notifications and communications that were conducted. Many unresolved matters could have been avoided through effective contract monitoring.</p> <ul style="list-style-type: none"> • <i>Were food and beverage commissions and fee rates reported and paid in accordance with contract terms?</i> <p>Generally no. Cash registers were not always used, computed commissions were not always paid or were improperly calculated and some marketing funds remain unspent.</p> <ul style="list-style-type: none"> • <i>Did the contractor employ an independent certified public accountant to furnish a written statement each year complying with contract terms for an opinion without caveat?</i> <p>Generally no. The annual statements were limited agreed-upon-procedures with disclaimers of opinion and frequently furnished late.</p> <ul style="list-style-type: none"> • <i>Was the \$500,000 capital investment equipment purchased, maintained, and depreciated in accordance with contract terms?</i> <p>Generally no. Lists of equipment and depreciation schedules were not maintained, and not all equipment was purchased as required.</p>	<p style="text-align: center;">Metro Nashville Expo Center’s Contract with Ovations Food Services, LP</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-bottom: 10px;"> <thead> <tr> <th style="text-align: center;">Six Fiscal Years Ended July 31, 2007 - July 31, 2012</th> <th style="text-align: center;">Cumulative Actual</th> </tr> </thead> <tbody> <tr> <td>Concession Sales</td> <td style="text-align: right;">\$1,108,335</td> </tr> <tr> <td>Café and Catering Sales</td> <td style="text-align: right;">\$1,021,225</td> </tr> <tr> <td>Service Charges</td> <td style="text-align: right;">\$40,750</td> </tr> <tr> <td>Subcontract Net of COS*</td> <td style="text-align: right;">\$561,861</td> </tr> <tr> <td>Subcontract COS*</td> <td style="text-align: right;">\$1,262,598</td> </tr> </tbody> </table> <p>*COS = Cost of Sales</p> <p>Key recommendations of this report specify that management of the Nashville Expo Center should:</p> <ul style="list-style-type: none"> • Establish a written plan with designated responsibilities to monitor each element of the performance of the contractor for the remaining period and any new contract. • Request immediate payment of the \$4,280 commission underpayment for the fiscal year ended July 31, 2007, plus any applicable penalty and interest, if applicable. • Request that any unspent marketing funds be made available to the Nashville Expo Center. • Determine if payment was received for the contractor selling refreshments stands to a third party, subsequently agreeing to a 50 percent split of the price paid. • Request that the contractor specifically identify the \$84,255.30 purchase from the previous contractor or provide usable replacement equipment. • Request that the contractor make the capital investment equipment unspent amount of \$12,385.06 available to the Nashville Expo Center upon contract expiration or sooner. • Determine if the 3.25 percent capital reserve fund payments between August 2006 and September 2007 were received (\$19,700). 	Six Fiscal Years Ended July 31, 2007 - July 31, 2012	Cumulative Actual	Concession Sales	\$1,108,335	Café and Catering Sales	\$1,021,225	Service Charges	\$40,750	Subcontract Net of COS*	\$561,861	Subcontract COS*	\$1,262,598
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Table of Contents

INTRODUCTION.....	1
Audit Initiation	1
Background.....	1
Financial Information	2
OBJECTIVES AND CONCLUSIONS	3
OBSERVATIONS AND RECOMMENDATIONS	5
A – Nashville Expo Center Contract Monitoring Efforts	5
B – Food and Beverage Sales and Commissions	7
C – Certified Public Accountants Annual Statements.....	8
D – Capital Equipment Purchase, Maintenance, and Depreciation.....	9
GENERAL AUDIT INFORMATION	12
Statement of Compliance with GAGAS	12
Scope and Methodology	12
Criteria	12
Staff Acknowledgement.....	12
APPENDIX A. MANAGEMENT RESPONSES.....	13

INTRODUCTION

Audit Initiation

At the request of the Metro Nashville Expo Center, previously known as the Tennessee State Fair/Fairgrounds (will be referred to henceforth as the Nashville Expo Center); the Metro Nashville Office of Internal Audit performed an audit of the Metropolitan Nashville Expo Center portion of the contract with Ovations Food Services, LP. Specifically, the management of the Nashville Expo Center requested the Office of Internal Audit to perform an independent audit to include the following:

- Review of payment documents and percentages paid to the Nashville Expo Center for compliance with contract provisions.
- Review of Ovations Food Services, LP annual audit reports.
- Review of the amortization of the \$500,000 Capital Reserve fund as referenced in the current contract.
- A full inventory of equipment and the equipment's operational status.

Background

Contract number 16322 between the Metropolitan Government of Nashville and Davidson County on behalf of itself and the Nashville Convention Center, the Metropolitan Board of Fair Commissioners, and the Municipal Auditorium, and Ovations Food Services, LP (will be referred to henceforth as the Ovations) was entered into on August 1, 2006, to provide food and beverage services operations management. The Metro Sportsplex and Wave Pool were added to the Ovations contract on July 7, 2008. The contract term was originally for the period August 1, 2006, through July 31, 2011, with an option to extend for an additional five years. Metro Nashville has awarded a new contract for the Convention Center beginning July 1, 2013, to another contractor. No contract has yet been awarded for the Nashville Expo Center.

Prior to the current contract expiration, the contract with Ovations required a capital investment of \$500,000 to be made to the Nashville Expo Center. These funds were to be "spent by the contractor to make improvements to the facilities food service facilities and otherwise improve the facilities business development activities". Expenditures required approval of the Nashville Expo Center's Executive Director.

The contract stipulated that the capital investment amounts would be completely depreciated seven years after the effective date of the contract.

Attachment B of the subject contract contains additional contractor responsibilities for the Nashville Expo Center relating primarily to commission rates for concession sales, café/restaurant and catering sales, subcontractor sales, Capital Reserve funds, utility fees, pest control, Marketing fund, and electric cash registers for all sales as well as other items.

**Financial
Information**

For fiscal years 2007 through 2012, gross receipts reported by Ovations were \$2,732,171 as summarized in the table below. These amounts were the basis for calculating the sales commissions, 2 percent utility fees, and 3.25 percent Capital Reserve fund payments made to the Nashville Expo Center. The amounts do not include non-commissionable sales of \$16,000 and some later discussed “cost of sale” items.

Exhibit A - Summary of Commission Statements

Fiscal Year Ended	-----Receipt Categories-----				
	Gross Receipts	Concessions	Café and Catering	Service Charges	Sub-contract
7/31/2007	\$668,244	\$335,286	\$222,123	\$13,931	\$96,904
7/31/2008	585,578	276,065	202,289	10,452	96,772
7/31/2009	488,907	201,197	199,434	7,556	80,720
7/31/2010	384,910	141,108	160,873	6,449	76,480
7/31/2011	266,111	68,466	102,895	1,062	93,688
7/31/2012	338,421	86,213	133,611	1,300	117,297
Totals	\$2,732,171	\$1,108,335	\$1,021,225	\$40,750	\$561,861

Source: Ovation's Commission Statements

OBJECTIVES AND CONCLUSIONS

In consideration of the specific audit procedures requested by the Nashville Expo Center, the following objectives were developed to address those procedures:

1. *Did the Metropolitan Nashville Expo Center adequately monitor contractor performance and payments to ensure the contract was being executed in accordance with contract terms?*

No. The majority of problematic issues regarding commissions, Marketing funds, Capital Reserve funds, subcontractor commissions and service, required certified public accountant opinions, and equipment status were not addressed in a timely manner. Documentation was not always retained regarding notifications and communications that were conducted. Many unresolved matters could have been avoided through effective contract monitoring.

2. *Were food and beverage sales and commissions and fee rates reported and paid in accordance with contract terms?*

Generally no. Cash registers were not always used, computed commissions were not always paid, subcontractor commissions were improperly calculated, some Marketing funds remain unspent, Capital Reserve fund transactions were not in compliance with contract terms, some Capital Reserve funds remain unspent, and Capital Reserve fund transactions were poorly documented.

3. *Did the contractor employ an independent certified public accountant to furnish a written statement each year that in his opinion, the payments by Ovations were made in accordance with contract terms?*

Generally no. Although the contract requires certified public accountant "opinions" that are "without caveat", the furnished statements accepted each year were very limited "agreed upon procedure" engagements that failed to cover many of the contract terms and contained *disclaimers of opinion*.

4. *Was the \$500,000 capital investment equipment purchased, maintained, and depreciated in accordance with contract terms?*

Generally no. Lists of purchased equipment and depreciation schedules were not maintained by either party, some items were not stored properly, other items cannot be located and some funds remain unspent.

5. *Was a full inventory of the capital investment equipment maintained showing location and operational status?*

Generally no. A current physical inventory of the capital investment equipment was not available. Discussions indicate that neither party completed and documented such an inventory since the contract start date.

OBSERVATIONS AND RECOMMENDATIONS

A – Nashville Expo Center Contract Monitoring Efforts

Unilateral contractor decisions and actions went unaddressed and undocumented for much of the contract period. Effective contract monitoring begins with a contract monitoring plan, attention to detail, timely documentation, and continuing communication with the contractor, much of which did not happen. A partial listing of contract monitoring weaknesses was evidenced as follows:

- The Nashville Expo Center was unaware that commissions were underpaid by \$4,280 for the fiscal year ended July 31, 2007. Oventions did not pay the higher incremental commission rate of 31 percent for adjusted gross receipts over \$500,000.
- Cash registers and cash register tapes were not used for most sales, which was not aligned with the contract terms and was uncorrected for the first three years of the contract even though cash registers existed in on-site inventory for use.
- Oventions' monthly statements showed a reduction for the 50 percent commission on the amounts classified as subcontract "cost of sales" even though the contract contained no provision for reducing commissions on sales. We did not find evidence this issue was addressed until late 2012 even though the problem started in 2006.
- We found no documentation to support that the \$5,000 annual payments required for the marketing fund were monitored by the Nashville Expo Center. One invoice from Sign ME UP LLC for \$1,090.32 was claimed as both a Marketing fund expense and as a capital investment equipment purchase.
- Documentation demonstrating Capital Reserve fund monitoring efforts was not available.
- Documentation of the 3.25 percent Capital Reserve fund payments for the period August 2006 through September 2007 (first year of the contract) was not available. The Nashville Expo Center was unaware of the issue even though Oventions' monthly commission statements for that time period do not reflect the payments that totaled \$19,700.
- Although the contract requires that the contractor employ each year an independent certified public accountant to furnish a written opinion, the Nashville Expo Center accepted a disclaimer of opinion and limited agreed-upon-procedures engagement letter each year.
- Equipment purchased from the previous contractor on June 30, 2006, for \$84,255.30 from the Capital Investment fund cannot be specifically identified and there was no documentation supporting the equipment's existence.

- Approval of all equipment purchases was not documented. The equipment purchases should have been monitored by the Nashville Expo Center to assure that all purchases were approved.
- A documented complete equipment inventory had not been conducted since the contract's start date. Some of the equipment was not considered clean or sanitary and was not stored in an organized manner as required by contract section 31.d.

Criteria:

- COSO Internal Control - Integrated Framework establishes a common definition of internal controls, standards, and criteria by which organizations can assess their internal control systems. Having adequate procedures in place to ensure contractor compliance is crucial in developing a strong internal control environment.
- The Metro Nashville Expo Center portion of contract number 16322 between Metropolitan Government of Nashville and Davidson County and Ovations Food Services, LP

Risks:

- Under or overpayment of contract requirements.
- Unforeseen legal ramifications.
- Uncoordinated, wasteful, and time consuming actions.
- Unexpected liabilities.
- Undocumented agreements of contract corrective actions.

Recommendations:

Management of the Nashville Expo Center should:

1. Address the individual conditions described in this report without delay.
2. Establish a written plan with designated responsibilities to monitor each element of the performance of the contractor for the remaining period of the contract.
3. Upon awarding a new contract, establish a written plan with designated responsibilities to monitor each element of the performance of the contractor.

B – Food and Beverage Sales and Commissions

Food and beverage sales and commissions and Marketing fund were not recorded, reported and paid in accordance with contract terms as follows:

- Sales commission was underpaid by \$4,280 for the fiscal year ended July 31, 2007. The contractor did not pay the higher incremental commission rate of 31 percent for adjusted gross receipts over \$500,000. In calculating cumulative year-to-date adjusted gross receipts, the contractor only included concession sales, omitting café, catering, and service charges. Total adjusted gross receipts were \$571,340.
- Cash registers and cash register tapes were not used for all sales, which was not consistent with the contract terms. Oventions did not require cash register tapes for all sales until 2010. Before 2010, only a portion of the subcontractors had cash registers and cash register tapes.
- The contractor did not pay the 50 percent commission on the amounts classified as subcontract cost of sales, which was the amount from subcontractor sales that the subcontractors retained. There was no contract provision to support this withholding.
- Some of the concessions were sold to outside vendors without prior approval of the Nashville Expo Center. Initially, the contractor failed to pay any proceeds to the Nashville Expo Center. Although a later agreement was reached to retroactively split the amount received, to date, we were unable to validate any payments were received.
- There is no evidence documenting that the Marketing Fund required by the contract was ever established other than with general ledger entries totaling \$5,000.04 each year. The Nashville Expo Center was unaware of any actual account's existence. The most recent spreadsheet furnished by the contractor shows a remaining balance of \$14,181 as of December 31, 2012. Also noted was the invoice from Sign ME UP LLC for \$1,090.32 was claimed as a Marketing fund expense and as a capital investment.

Criteria:

The Metro Nashville Expo Center portion of contract number 16322 between Metropolitan Government of Nashville and Davidson County and Oventions Food Services, LP, Attachment B, *Additional Contractor Responsibilities for the Tennessee State Fairgrounds*.

Risks:

- Under or overpayment of contract requirements.
- Unforeseen legal ramifications.
- Uncoordinated, wasteful, and time consuming actions.
- Unexpected liabilities.

- Undocumented agreements of contract corrective actions.

Recommendations:

Management of the Nashville Expo Center should:

1. Request immediate payment of the \$4,280 commission underpayment for the fiscal year ended July 31, 2007, plus any applicable penalty and interest, if applicable.
2. Require and verify that all food service locations operated by the contractor should be open and operating only when an electric cash register with a continuous paper tape is in use.
3. Request payment of commissions of 50 percent of all subcontractor sales arising from all food services.
4. Determine if payment was ever received from the contractor for selling some of the refreshment stands to a third party without prior approval. The contractor subsequently agreed to pay the Expo Center 50 percent of the amount received but documentation of the payment could not be found during the audit.
5. Request that any unspent Marketing funds be made available to the Nashville Expo Center.

C – Certified Public Accountants Annual Statements

The certified public accountant's annual fiscal year statements were not prepared in accordance with the contract terms that require opinions "Without caveat." Specifically, the statements were prepared based on agreed-upon procedures engagements of very limited procedures with disclaimers of opinions

The statements also did not cover the capital equipment inventory, the two (2) percent Utility fund payment requirement, the \$5,000 annual Marketing fund payment requirement, or the 3.25 percent Capital Reserve fund payment.

Finally, the certified public accountant statements were not always submitted within ninety (90) calendar days of the last day of the preceding contract year as required in the contract as seen in Exhibit X below:

Exhibit B – Delivery of Certified Public Accountant Report

Fiscal Year Ended	Date of Certified Public Accountant Report	Due Date	Days Late
July 31, 2007	September 19, 2008	October 31, 2007	319
July 31, 2008	September 19, 2008	October 31, 2008	0
July 31, 2009	December 21, 2009	October 31, 2009	51
July 31, 2010	October 20, 2010	October 31, 2010	0
July 31, 2011	September 26, 2011	October 31, 2011	0
July 31, 2012	January 9, 2013	October 31, 2012	69

Source: Metro Nashville Office of Internal Audit compiled data from received reports.

Criteria:

The Metro Nashville Expo Center portion of contract number 16322 between Metropolitan Government of Nashville and Davidson County and Ovations Food Services, LP, page 22, section 34b.

Risks:

- Data provided by contractor is unsupported
- Reports provided are incorrectly calculated
- Legal ramifications for both parties due to reliance on unverified data

Recommendation:

Management of the Nashville Expo Center should request that any outstanding and required certified public accountant report be provided as required by contract guidance.

D – Capital Equipment Purchase, Maintenance, and Depreciation

The \$500,000 of capital investment equipment required to be provided for the Nashville Expo Center was not purchased, maintained, and depreciated in accordance with contract terms as follows:

Purchase

A purchase of “Assets for Tennessee Fairgrounds” was made from Centerplate for \$84,255.30 which does not have an accompanying list of the items purchased. Although the listing was requested during the audit, neither party could produce one and physical inventory of the Tennessee Fairgrounds conducted also could not specifically identify these items.

Only \$487,614.94 of the \$500,000 contract required equipment purchases has been spent leaving an unspent balance of \$12,385.06.

Invoices for signs and shelves did not have the approval sheet available for review. It was also noted that one invoice from Sign ME UP LLC for \$1,090.32 was claimed as a marketing fund expense and as capital investment equipment.

Maintenance

Several items of equipment were not considered to be stored in a clean, orderly, or sanitary manner, and some items were stored in outdoor sheds and were difficult to observe since many other items were placed around them in an unorganized manner. Lists were not maintained for much of the equipment to provide identity factors required to evaluate the maintenance or operational condition.

Depreciation

A detailed depreciation schedule was not available for review which lists the individual items of equipment and documents with clear descriptions, date of purchase, cost, location, life expectancy, residual value, accumulated depreciation, and book value.

Documentation of the 3.25 percent Capital Reserve fund payments for the period August 2006 through September 2007 was not located and it was unknown if the payments totaling \$19,700 were received. No documentation was provided to show deposits, disbursements, approvals, name of bank, interest earned on fund, checkbook location, etc.

Criteria:

The Metro Nashville Expo Center portion of contract number 16322 between Metropolitan Government of Nashville and Davidson County and Ovations Food Services, LP and Attachment B, *Additional Contractor Responsibilities for the Tennessee State Fairgrounds*.

Risks:

- Unauthorized acquisition, use, or disposition of assets.
- Adverse effect on food and beverage services.
- Lower quality products.
- Missing equipment.

Recommendations:

Management of the Nashville Expo Center should:

- 1 Request that the contractor specifically identify the \$84,255.30 purchase from the previous contractor or provide usable replacement equipment.
- 2 Request that the contractor make the capital investment equipment unspent amount of \$12,385.06 available to the Nashville Expo Center upon contract expiration or sooner.

- 3 Request that all equipment be returned to a clean, operational and serviceable condition.
- 4 Request that the contractor provide a detailed listing of each piece of equipment and its locations.
- 5 Request that the contractor provide a detailed depreciation schedule which lists the individual items of equipment and documents the descriptions, date of purchase, cost, location, life expectancy, residual value, accumulated depreciation, and book value.
- 6 Conduct a review of the Capital Reserve Fund documentation including bank records confirming deposits, interest earned, withdrawals, double signatures on checks, along with checkbooks and appropriate authorizations and note:
 - a. Note whether there were any unauthorized disbursements from the capital fund not authorized by the Expo Center:
 - b. Request that the \$1,090.32 already paid to *Sign-me Up* out of the marketing fund be repaid to the capital reserve fund.
 - c. Determine if the required 3.25 percent capital reserve fund payments between August 2006 and September 2007 totaling \$19,700 were received and provide documentation if payments were received.

GENERAL AUDIT INFORMATION

Statement of Compliance with GAGAS

This audit was conducted from January 2013 through March 2013, 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 focused primarily on the period August 1, 2006, through December 31, 2012. The methodology employed throughout this audit was one of objectively reviewing various forms of documentation, conducting interviews, observations, performing substantive tests and tests of internal controls on the entity's financial information, written policies and procedures, contracts, and other relevant data.

Key areas reviewed included:

- Food and beverage concessionaire sales and commissions at the Metro Nashville Expo Center
- Capital investment equipment at the Metro Nashville Expo Center
- Contract monitoring by the Metro Nashville Expo Center

Criteria

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

- The Metro Nashville Expo Center portion of contract number 16322 between Metropolitan Government of Nashville and Davidson County and Ovations Food Services, LP.
- Metro Nashville Procurement Code
- The Charter of the Metropolitan Government of Nashville and Davidson County, Part 1, Article 11, Chapter 6 and Title 2, Division III, Chapter 2.78
- Committee of Sponsoring Organizations (COSO) of the Treadway Commission's Addendum, Reporting to External Parties, Internal control over safeguarding of assets

Staff Acknowledgement

Carlos Holt, CPA, CFF, CFE, CIA, CGAP Project Quality Assurance
Jack Henry, CPA, CGFM, In-Charge Auditor

APPENDIX A. MANAGEMENT RESPONSES

- Management's Responses Starts on Next Page –



May 2, 2013

Mr. Carlos Holt, Auditor
Office of Internal Audit
222 3rd Avenue, North, Suite 401
Nashville, TN 37201

Re: AU2013-009 Nashville Expo Center Concession Audit

Dear Mr. Holt,

I, along with my staff, have reviewed your audit of Ovations Food Services, LP and concur with your findings as indicated on the attached document. Due to contract issues, we expect some difficulties in resolving some of the findings; therefore, we will work with Metro Legal Department to seek appropriate remedies.

On behalf of my department, I want to thank you and your staff for your diligent work on this matter. Should you have additional questions, please contact Laura Faust or Ken Sanders for assistance.

Sincerely,

A handwritten signature in black ink that reads "Buck Dozier". The signature is written in a cursive style.

Buck Dozier
Director

Cc: Ken Sanders
Laura Faust

P.O. Box 40208 Nashville, TN 37204 Office (615) 862-8980 Fax (615) 862-8992
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Metro Nashville Expo Center Management Response to Audit Recommendations

Audit Recommendation	Response to Recommendation / Action Plan	Assigned Responsibility	Estimated Completion
A. Management of the Nashville Expo Center should:			
1. Address the individual conditions described in this report without delay.	Accept – We agree with the objectives and conclusions written on pages 3 and 4 of this draft audit. Although we are quite surprised, it is apparent that the financial officer (now retired) who oversaw this contract did not adequately monitor the contract performance. Additionally, the files do not contain several documents that should be part of the monitoring process.	Ken Sanders and Laura Faust	
2. Establish a written plan with designated responsibilities to monitor each element of the performance of the contractor for the remaining period of the contract.	Accept – We are in the process of ending the contractual agreement with Ovations. We will notify Ovations in writing of the audit findings and seek to recover any financial losses identified in the audit. A copy of the notification to Ovations is attached.	Ken Sanders and Laura Faust	
3. Upon awarding a new contract, establish a written plan with designated responsibilities to monitor each element of the performance of the contractor.	Accept - A written plan that addresses each element of contract performance and those factors will be monitored on a monthly basis. A copy of that plan is attached.	Ken Sanders and Laura Faust	
B. Management of the Nashville Expo Center should:			
1. Request immediate payment of the \$4,280 commission underpayment for the fiscal year ended July 31, 2007, plus any applicable penalty and interest, if applicable.	Accept – This specific item will be included in our formal letter to Ovations regarding this audit as noted in Audit recommendation A2.	Ken Sanders and Laura Faust	
2. Require and verify that all food service locations operated by the contractor should be open and operating only when an electric cash register with a continuous paper tape is in use.	Accept - The on-site Ovations manager has been notified that on-site cash registers are required for all points of sales; however will we notify him again of this issue in our formal letter to Ovations regarding this audit as noted in Audit recommendation A2.	Ken Sanders and Laura Faust	
3. Request payment of commissions of 50 percent of all subcontractor sales arising from all food services.	Accept – We are in the process of ending the contractual agreement with Ovations. We will work with Metro Legal to pursue a remedy.	Ken Sanders and Laura Faust	
4. Determine if payment was ever received from the	Accept – During our own review we were unable to	Ken Sanders and	

Metro Nashville Expo Center Management Response to Audit Recommendations

Audit Recommendation	Response to Recommendation / Action Plan	Assigned Responsibility	Estimated Completion
contractor for selling some of the refreshment stands to a third party without prior approval. The contractor subsequently agreed to pay the Expo center 50 percent of the amount received but documentation of the payment could not be found during the audit.	find evidence of the 50 percent amount being received. This specific item will be included in our formal letter to Ovations regarding this audit as noted in Audit recommendation A2. We are in the process of ending the contractual agreement with Ovations. We will work with Metro Legal to pursue a remedy.	Laura Faust	
5. Request that any unspent Marketing funds be made available to the Nashville Expo Center.	Accept - This specific item will be included in our formal letter to Ovations regarding this audit as noted in Audit recommendation A2.	Ken Sanders and Laura Faust	
C. Management of the Nashville Expo Center should request that any outstanding and required certified public accountant reports be provided as required by contract guidance.	Accept – This issue has been communicated to Ovations. Their response was unsatisfactory. This specific item will be included in our formal letter to Ovations regarding this audit as noted in Audit recommendation A2. This issue will also be turned over to Metro Legal regarding further action.	Ken Sanders and Laura Faust	
D. Management of the Nashville Expo Center should:			
1. Request that the contractor specifically identify the \$84,255.30 purchase from the previous contractor or provide usable replacement equipment.	Accept - This issue has been communicated to Ovations. Their response was unsatisfactory. This specific item will be included in our formal letter to Ovations regarding this audit as noted in Audit recommendation A2. This issue will also be turned over to Metro Legal regarding further action.	Ken Sanders and Laura Faust	
2. Request that the contractor make the capital investment equipment unspent amount of \$12,385.06 available to the Nashville Expo Center upon contract expiration or sooner.	Accept - This specific item will be included in our formal letter to Ovations regarding this audit as noted in Audit recommendation A2.	Ken Sanders and Laura Faust	
3. Request that all equipment be returned to a clean, operational and serviceable condition.	Accept - This specific item will be included in our formal letter to Ovations regarding this audit as noted in Audit recommendation A2.	Ken Sanders and Laura Faust	
4. Request that the contractor provide a detailed listing of each piece of equipment and its locations.	Accept - This issue has been communicated to Ovations. Their response was unsatisfactory. This specific item will be included in our formal letter to Ovations regarding this audit as noted in Audit recommendation A2. This issue will also be turned over to Metro Legal regarding further action.	Ken Sanders and Laura Faust	

**Metro Nashville Expo Center
Management Response to Audit Recommendations**

Audit Recommendation	Response to Recommendation / Action Plan	Assigned Responsibility	Estimated Completion
<p>5. Request that the contractor provide a detailed depreciation schedule which lists the individual items of equipment and documents the descriptions, date of purchase, cost, location, life expectancy, residual value, accumulated depreciation, and book value.</p>	<p>Accept - This issue has been communicated to Ovation. Their response was unsatisfactory. This specific item will be included in our formal letter to Ovation regarding this audit as noted in Audit recommendation A2. This issue will also be turned over to Metro Legal regarding further action.</p>	<p>Ken Sanders and Laura Faust</p>	
<p>6. Conduct a review of the Capital Reserve Fund documentation including bank records confirming deposits, interest earned, withdrawals, double signatures on checks, along with checkbooks and appropriate authorizations and note:</p> <p>a. Note whether there were any unauthorized disbursements from the capital fund not authorized by the Expo Center:</p>	<p>Reject – No unauthorized disbursements were found except as referenced in 6b below.</p>	<p>Ken Sanders and Laura Faust</p>	
<p>b. Request that the \$1,090.32 already paid to <i>Sign-me Up</i> out of the marketing fund be repaid to the capital reserve fund.</p>	<p>Accept – During our own review we were unable to provide evidence of reimbursement of the duplication. This specific item will be included in our formal letter to Ovation regarding this audit as noted in Audit recommendation A2. We are in the process of ending the contractual agreement with Ovation. We will work with Metro Legal to pursue a remedy.</p>	<p>Ken Sanders and Laura Faust</p>	
<p>c. Determine if required 3.25 percent capital reserve fund payments between August 2006 and September 2007 were received and provide documentation if payments were received.</p>	<p>Accept – During our own review we were unable to provide evidence of payment. This specific item will be included in our formal letter to Ovation regarding this audit as noted in Audit recommendation A2. We are in the process of ending the contractual agreement with Ovation. We will work with Metro Legal to pursue a remedy.</p>	<p>Ken Sanders and Laura Faust</p>	
<p>7. Request restitution to be made for any unauthorized disbursements or unaccounted funds at contract expiration.</p>	<p>Partially Accept – Need more information to better understand this issue and determine resolution.</p>	<p>Ken Sanders and Laura Faust</p>	