METROPOLITAN NASHVILLE GOVERNMENT

OFFICE OF INTERNAL AUDIT

Audit of the Fairgrounds Nashville Cash Collections and Vendor Contracts

April 9, 2026

EXECUTIVE SUMMARY

Why This Audit Matters

The Fairgrounds Nashville manages multiple revenue sources and supports a variety of events and a monthly flea market with diverse vendors. This audit was conducted to determine if the Fairgrounds Nashville was meeting the needs of vendors and event promoters and whether effective processes were in place for revenue collection.

Audit Objectives and Scope

The objectives of this audit were to determine if:

- Processes and controls are in place to ensure cash collections are complete, accurate, and properly safeguarded.
- The Fairgrounds Nashville is fulfilling vendor requirements and meeting vendor needs.

What We Found

Overall, Fairgrounds Nashville fulfilled vendor requirements and collected revenue that was complete and accurately recorded across its primary revenue streams. Survey results indicate general satisfaction with facilities, staff, and operational processes.

However, internal controls over cash handling were not consistently followed, particularly regarding documentation of two-person integrity and timely deposits. Oversight of flea market booth assignments and vendor documentation was lacking, creating a risk of lost revenue and noncompliance. While events received external promotion, the Fairgrounds Nashville's direct advertising through its official channels was limited during the audit period.

What We Recommend

The Nashville Fairgrounds should ensure two-person integrity for cash deposits and ensure they are deposited timely. Additionally, monitoring of vendor booths and reservations should be improved. Sales tax license and business license documentation should be maintained, and a defined event promotion plan should be created.

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**Cover photo provided by the Fairgrounds Nashville*

Background

The Fairgrounds Nashville is owned by the Metropolitan Nashville Government and hosts a wide range of events and activities throughout the year. Events include concerts, expos, community events, specialty shows, the monthly Nashville Flea Market, racing events at the Nashville Fairgrounds Speedway, and the annual Nashville Fair.

Fairgrounds Nashville staff coordinate with event promoters to schedule events, execute contracts, and manage event logistics. The UV Term system is used for event scheduling, contracts, invoicing, accounts receivable, and tracking event-related revenue.

The Nashville Flea Market is a monthly recurring event with numerous vendors offering a variety of goods and services. MarketSpread is used to manage vendor reservations, booth rentals, invoicing, and payment tracking. Vendors may make payments through MarketSpread, by check, or in cash, depending on the transaction. Additional flea market revenue includes parking fees, equipment rentals, and RV space rentals, with parking revenue collected in cash and reconciled using pre-numbered tickets.

The annual Nashville Fair is a multi-day event held each September and represents one of the Nashville Fairgrounds' busiest and most operationally demanding events. The fair involves significant temporary staffing and includes ticket sales, parking revenue, sponsorships, and a revenue sharing agreement with the contracted midway operator.

Across all activities, the Fairgrounds Nashville management is responsible for supporting vendors and event promoters, coordinating operations, and ensuring revenue is collected, recorded, and deposited in accordance with established procedures. Financial and revenue information is reported regularly to the Fair Commissioners Board.

Exhibit A: Revenue by Category and Fiscal Year

Revenue Category	FY23	FY24	FY25
Facility & Event Revenues	$993,886	$926,549	$1,243,583
Flea Market Booth Rentals	754,742	851,873	498,533
Parking Revenue	546,427	741,089	776,716
Concessions	242,173	164,465	205,457
Nashville Fair	546,494	740,992	592,105
Speedway Revenue	43,813	45,547	45,076
Miscellaneous	53,604	62,867	213,799
Total	**$3,181,140**	**$3,533,382**	**$3,575,268**

Source: Oracle E-Business Suite R-12

Objectives & Conclusions

Are processes and controls in place to ensure cash collections are complete, accurate, and properly safeguarded?

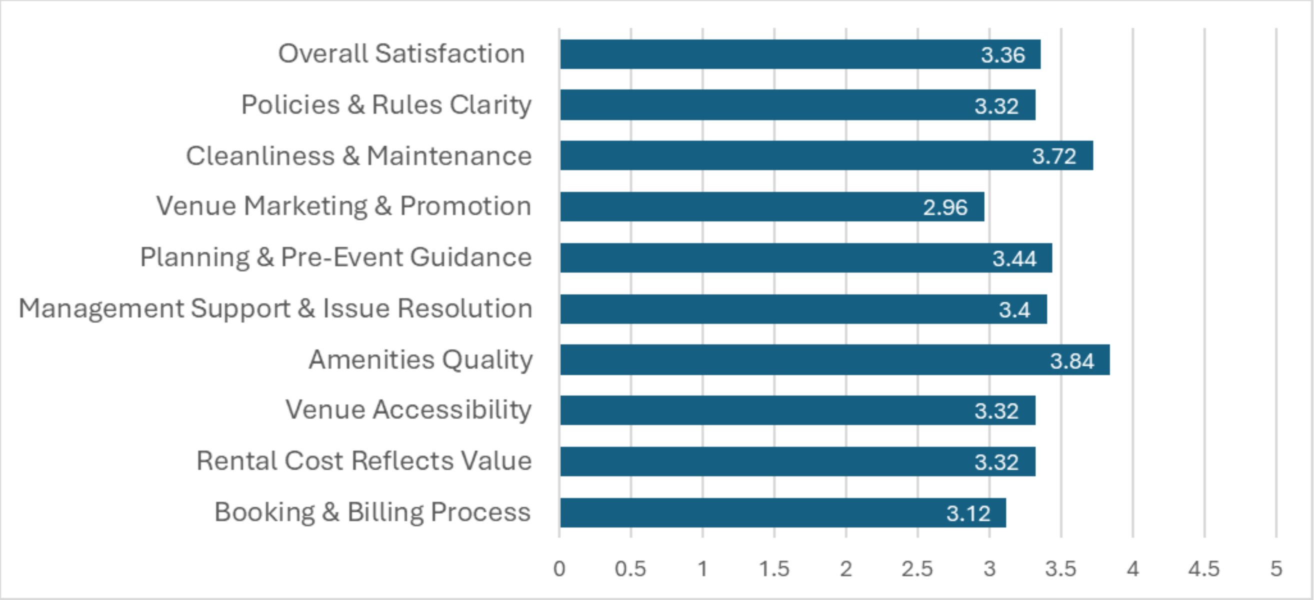
Generally, yes. Revenue across events, races, parking, and flea market operations was generally complete and accurately recorded. However, cash handling controls were not consistently followed, including lack of two-person integrity, some untimely deposits, and inconsistent oversight of flea market booth assignments and vendor documentation.

Is the Fairgrounds Nashville fulfilling vendor requirements and meeting vendor needs?

Generally, yes. Survey results indicate that vendors and event promoters are generally satisfied with Fairgrounds Nashville's facilities, staff support, and operational processes. However, concerns were raised regarding rental costs, parking accessibility and fees, marketing support, and communication. The Fairgrounds Nashville's direct promotion of events through its official channels was limited during the audit period.

A total of 80 event promoters were surveyed, and responses were received from 25 (31 percent). Respondents rated their satisfaction with their experience with the Fairgrounds Nashville on a scale from 1 - Strongly Disagree to 5 – Strongly Agree. The average survey responses are presented in Exhibit B below.

Exhibit B: Event Promoter Survey Results



Source: Office of Internal Audit Survey

A total of 2,072 current and previous flea market vendors were surveyed, and responses were received from 179 (9 percent). Respondents rated their satisfaction with their experience as a vendor at the Fairgrounds Nashville on a scale from *1 - Strongly Disagree to 5 – Strongly Agree*. The average survey responses are presented in Exhibit C below.

Exhibit C: Flea Market Vendor Survey Results

Source: Office of Internal Audit Survey

Observations & Recommendations

Internal controls help ensure entities achieve important objectives to sustain and improve performance. The Committee of Sponsoring Organizations of the Treadway Commission (COSO), Internal Control – Integrated Framework, enables organizations to effectively and efficiently develop systems of internal control that adapt to changing business and operating environments, mitigate risks to acceptable levels, and support sound decision-making and governance of the organization. See ***Appendix B*** for a description of the observation *Assessed Risk Rating*.

Observation A

Cash Deposit Practices

Risk Level:
Medium

The Fairgrounds Nashville does not consistently follow established cash collection and deposit controls over its various revenue-generating areas. A review of deposits found instances where deposits were prepared without evidence of two-person integrity and deposits not made within required timelines.

The Fairgrounds Nashville collects payments from a wide range of activities, including hosting events, the annual Nashville Fair, Speedway vendor payments, parking collections, flea market vendors, and parking. These activities involve frequent cash handling across multiple locations and staff, making consistent cash controls important to ensure funds are properly safeguarded and recorded.

A total of 50 deposits were reviewed across several Fairgrounds revenue areas. Forty-eight deposits were randomly selected. In addition, two deposits for annual payments received in 2023 and 2024 were reviewed as the entire population for those transactions. A total of 18 deposits did not include evidence that two-person integrity was used when preparing the deposit. The Fairgrounds Nashville has a form in place to document deposit amounts with two signatures. However, the form was not consistently used. In addition, 3 of 50 deposits reviewed were not deposited within one business day, as required by the Finance Department Cash Deposits policy. Late deposits were made between 6 and 8 days after receipt.

When cash handling controls are not consistently followed, there is an increased risk that errors or losses could occur. Deposits that are not made promptly also increase the amount of cash held on-site, which raises the risk of loss or theft. Consistent application of established controls helps ensure that all cash collected at Fairgrounds Nashville is accurately recorded and protected.

Criteria

* *COSO Principle 10: The organization selects and develops control activities that contribute to the mitigation of risks.*
* *COSO, Control Activities – Principle 12 – The organization deploys control activities through policies that establish what is expected and procedures that put policies into action.*
* *Finance Department Policy 3.4: Cash Deposits*

Recommendation

Fairgrounds Nashville should require two-person integrity documentation for all cash deposits and ensure deposits are made within one business day.

Management Response

Accept. Two-person cash counting and integrity process and forms have been in place since September 2022. To strengthen document storage and retention, written procedures have been finalized with specific requirements for two-person counting, one business day deposits, and document retention. Training for all cash counting activities will be scheduled as soon as possible.

Estimated Implementation Date: August 1, 2026

Observation B

Flea Market Booth Assignment and Payment Oversight

Risk Level: **Medium**

Instances were identified where vendor booths at the Nashville Flea Market were occupied without corresponding reservations or payments recorded in MarketSpread.

A booth rental listing and a booth rental map were obtained for August 22, 2025. Verification of whether occupied booths had been reserved and paid for was performed using the records during a site visit. Auditors noted multiple booths were occupied but were not reflected on the booth listing or map.

During the visit, several vendors commented that they often spread out into unoccupied booths so that market does not appear empty. This practice was not consistent, as some unoccupied booths remained empty while others were expanded into by neighboring vendors. Vendors also indicated that they had been instructed to spread into open booths when space was available.

Following the site visit, an updated vendor list for August 22, 2025, was obtained to determine any late booth rentals recorded after the initial listing was pulled. Approximately 25 additional booth rentals were identified on the updated listing. The remaining instances were considered exceptions and were provided to Fairgrounds Nashville management for review.

The procedures identified 34 instances where booths were occupied without corresponding reservations or payments recorded in MarketSpread. No specific explanation was provided for the instances other than acknowledgment that vendors are allowed to spread into vacant adjoining spaces. One instance was observed in which a vendor paid for a booth rental only after noticing the auditors performing testing at the market. Management explained that some vendors pay upon arrival on the day of the market.

When booth assignments are not consistently enforced and occupied booths are not recorded in the reservation system, there is an increased risk that vendor fees may not be fully collected and that vendors are not treated equitably. Inconsistent oversight also limits management's ability to accurately track booth utilization and ensure that rental practices are applied consistently across vendors.

Criteria

* *COSO Principle 10: The organization selects and develops control activities that contribute to the mitigation of risks.*

* *COSO, Control Activities – Principle 12 – The organization deploys control activities through policies that establish what is expected and procedures that put policies into action.*

Recommendations

1. Fairgrounds Nashville should establish a process to verify during each market that all occupied vendor booths have a corresponding reservation and payment recorded in MarketSpread.

2. Additionally, management should establish and communicate clear guidelines regarding when vendors are permitted to expand into adjacent unoccupied booths to ensure the practice is applied consistently.

Management Response

1. Accept. Each Saturday the Flea Market is in operation, staff will conduct a site walk using a map provided by MarketSpread that identifies all paid booth rentals. Staff will verify and document reservations, payments, and physical booth occupation, resolving any discrepancies directly with the vendor at that time, while verifying booth expansion permissions.

   This process was piloted during the March Flea Market and confirmed to be the most effective method for ensuring accurate booth accountability.

2. Accept. Booth expansion is a tool that the flea market has been utilizing when there are open spaces available once all paid booths are occupied. Booth expansion guidance shall be incorporated into the next Flea Market rules update. All vendors are required to acknowledge receipt and acceptance of the rules upon initial booking and whenever rules are updated. This guidance will also be communicated in upcoming Flea Market Vendor Newsletters.

   Expansion Policy: When a booth is confirmed vacant, Flea Market staff will offer the space to the neighboring vendor with the highest seniority. If that vendor declines, the offer will extend to the next most senior adjacent vendor. This process ensures vacant spaces are filled, a benefit for the market, while rewarding long-standing vendors.

   Estimated Implementation Date: August 1, 2026

Observation C

Flea Market Vendor Documentation Retention

Risk Level: **Low**

Fairgrounds Nashville did not consistently retain documentation supporting sales tax licenses and business licenses.

Nashville Flea Market vendors are required to either provide a valid sales tax license number and business license or pay a fee in lieu of providing this documentation. Maintaining documentation that supports vendor licensing and tax compliance is important to demonstrate accountability.

A random sample of 47 vendors that rented booths at the Flea Market was reviewed. All 47 vendors paid for their booths at the correct rate based on booth size. Of these vendors, 25 paid the applicable business license and sales tax certificate fee, while 22 provided documentation in lieu of paying the fees. Evidence supporting the sales tax numbers and business tax licenses for the 22 vendors that provided documentation was not available. Management explained documents are retained in MarketSpread until the next vendor renewal. Vendors that rented during the audit period no longer had the documentation available in MarketSpread at the time of review.

The Fairgrounds Nashville has an established departmental retention schedule that applies to Flea Market vendor files. The Flea Market Status Report (RDA 463) requires Fairgrounds to maintain vendor folders for each rental area, including vendor name and company information, for three years after the calendar year. Retaining vendor licensing and tax documentation as part of the vendor file would support vendor accountability and lower the risk of noncompliance.

Criteria

* *COSO Principle 10: The organization selects and develops control activities that contribute to the mitigation of risks.*
* *Records Disposition Authorization 463: Flea Market Status Report*

Recommendation

Fairgrounds Nashville should ensure that sales tax license and business license documentation is retained for Flea Market vendors in accordance with its records retention schedule, either by working with MarketSpread to retain the information or by maintaining the documentation outside the system.

Management Response

Accept. Staff verified that MarketSpread retains business license and sales tax documentation and can be retrieved by staff; however, the process of retrieval is not as streamlined as we would like. Staff will request from MarketSpread to move links to these documents to the vendor profile page in lieu of keeping them with the application to which they were applied. Documentation not uploaded to MarketSpread by the vendor is kept in a physical file and shall be retained for the required time period.

Estimated Implementation Date: August 1, 2026

Observation D

Event Advertising and Promotion Practices

Risk Level: **Low**

Feedback received through Fairgrounds Nashville customer and vendor surveys indicated some dissatisfaction related to event promotion and marketing. Fairgrounds Nashville's advertising practices were reviewed to better understand how events and the Nashville Flea Market are promoted.

Fairgrounds Nashville has advertising methods in place. However, direct promotion through its own social media communication channels was limited during the audit period.

Fairgrounds Nashville hosts a variety of events throughout the year attracting different audiences. Event contracts generally assign responsibility for advertising and promotion to the event promoter. Fairgrounds Nashville retains approval and brand control over logos, trademarks, and signage. Although not contractually required, Fairgrounds Nashville maintains social media channels that could be used to share event information and support customer service and visibility.

No formal advertising policies and procedures exist. However, management provided the advertising methods used and their frequency, as well as proposed marketing budgets prepared annually.

A random sample of 16 events held at the Fairgrounds Nashville during the audit period was selected, and a review of social media and online promotion was performed. Out of the events, two were shared on the Fairgrounds Nashville Facebook page and none were shared on the Fairgrounds Nashville Instagram page. The Fairgrounds Nashville Instagram account showed limited activity, with 13 posts since its first post in July 2023. No other active Fairgrounds Nashville social media accounts were identified. Five of the sampled events were promoted on do615.com, which is one of the Fairgrounds Nashville's advertising sources. All sampled events had some level of online promotion, most commonly through event specific websites, social media pages, or local niche websites related to the type of event.

The Nashville Flea Market maintains a more active social media presence. The Flea Market Facebook page has approximately 81,000 followers and includes multiple posts each month. Its Instagram page has approximately 15,700 followers and is used to promote upcoming market dates and highlight vendors.

A review of event contracts confirmed that promotional responsibilities rest primarily with the event promoter. The Fairgrounds Nashville is not required by contract to advertise or promote events. A review of the Nashville Flea Market License Agreement did not identify provisions assigning responsibility for advertising or defining the scope of promotional activities for the flea market or individual vendors.

When Fairgrounds Nashville's direct promotion through its official communication channels is limited, opportunities to increase visibility and provide consistent information to the public may be missed. While most events receive some level of external promotion, limited use of Fairgrounds Nashville's own platforms reduces its ability to engage customers directly.

Criteria

* *COSO Principle 13: The organization obtains or generates and uses relevant, quality information to support the functioning of internal control.*
* *COSO Principle 14: The organization internally communicates information, including objectives and responsibilities, necessary to support the functioning of internal control.*
* *COSO Principle 15: The organization communicates with external parties regarding matters affecting the functioning of internal control.*

Recommendation

Fairgrounds Nashville should define and document its role in promoting events through its official communication channels and consistently share basic event information through those channels.

Management Response

Accept. Fairgrounds Nashville acknowledges the value of this recommendation and is committed to effective promotion of its self-produced events. The organization has strategically maximized a limited marketing budget and staff time through diversified media channels, social media engagement, leveraging an established client base, including the significant reach of the Flea Market collective, and benefited from paid advertising our clients procure for their events.

Currently, the budget doesn't support creating a dedicated marketing position for Event Services so this work will be absorbed into existing positions as time allows. In addition, Event Services is working with a local university to identify internship opportunities for students to assist us with this project, as well as establishing formal social media collaborations with vendors and clients to streamline posts and shares across platforms.

Estimated Implementation Date: August 1, 2026

Government Auditing Standards Compliance

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Scope

The scope of the audit included Flea Market and event activities and related revenue transactions occurring between March 1, 2023, and February 28, 2025.

Methodology

To accomplish our audit objectives, we performed the following steps:

- Reviewed applicable laws and regulations.
- Reviewed revenue-generating contracts in place at the Fairgrounds Nashville.
- Surveyed past and present Nashville Flea Market vendors.
- Surveyed promoters who held events at the Fairgrounds Nashville.
- Observed Nashville Flea Market operations.
- Interviewed key personnel within the Fairgrounds Nashville.
- Evaluated internal controls currently in place.
- Selected statistical, random samples to assess the completeness and accuracy of annual fair, event, Nashville Speedway, parking, and Nashville Flea Market cash collections. Random sample sizes were determined using the control testing sample size guidance in Table 11-1 of the AICPA Audit Guide Government Auditing Standards and Circular A-133 Audits (February 1, 2012) which is designed to achieve approximately a 90 to 95 percent confidence level. The nature of the selections ensured the results could be projected to the entire population.
- Statistical, random sample of flea market vendors to ensure correct booth rental was paid and compliance with business and sales tax requirements. Sample was selected with a confidence rate of 90 percent, 5 percent precision and an error rate of 0. The nature of the selection ensured the results could be projected to the population.
- Considered the risk of fraud, waste, and abuse.

Audit Team

Jim Carson, CIA, CFE In-Charge Auditor

Seth Hatfield, CPA, CIA, CFE, CCFO, Quality Assurance

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

Appendix A: Management Acknowledgement Letter

April 8, 2026

To: Lauren Riley, Metropolitan Auditor
Office of Internal Audit

From: Laura Womack, Executive Director
The Fairgrounds Nashville

Re: Cash Collection and Vendor Contracts Audit

On behalf of The Fairgrounds Nashville, I am formally acknowledging receipt of the draft audit report, Audit of The Fairgrounds Nashville Cash Collections and Vendor Contracts, covering the period March 1, 2023 to February 28, 2025. We have carefully reviewed the report in its entirety and are grateful for the time and diligence your team invested in conducting a thorough and comprehensive assessment of our revenue collection operations. The findings provide valuable insight that will directly inform our strategic priorities and operational decision-making moving forward.

We have reviewed each finding and recommendation presented in the report and accept the conclusions and recommendations. Our leadership team is fully committed to addressing each recommendation and has already identified solid corrective action plans in the form of new and updated procedures, staff training, and client communication. We view this process not merely as a compliance obligation, but as an opportunity to strengthen our internal controls, improve our processes, and better serve our stakeholders.

Thank you once again for your thorough and professional work. Please do not hesitate to contact us should you require any additional information or clarification.

THE FAIRGROUNDS NASHVILLE P.O. Box 40208 Nashville, TN 37204
Office (615) 862-8994 Fax (615) 862-8992
thefairgrounds.com

Appendix B: Assessed Risk Ranking

Observations identified during the course of the audit are assigned a risk rating, as outlined in the table below. The risk rating is based on the financial, operational, compliance or reputational impact the issue identified has on the Metropolitan Nashville Government.

Rating	Financial	Internal Controls	Compliance	Public
HIGH	Large financial impact Remiss in responsibilities of being a custodian of the public trust	Missing, or inadequate key internal controls	Noncompliance with applicable Federal, state, and local laws, or Metro Nashville Government policies	High probability for negative public trust perception
MEDIUM	Moderate financial impact	Partial controls Not adequate to identify noncompliance or misappropriation timely	Inconsistent compliance with Federal, state, and local laws, or Metro Nashville Government policies	The potential for negative public trust perception
LOW/ Emerging Issues	Low financial impact <$10,000	Internal controls in place but not consistently efficient or effective Implementing / enhancing controls could prevent future problems	Generally complies with Federal, state, and local laws, or Metro Nashville Government policies, but some minor discrepancies exist	Low probability for negative public trust perception