



DeKalb County, Georgia

Department of Finance
Internal Audit and Licensing

DeKalb County Administration Building / 1300 Commerce Drive / Decatur, Georgia 30030
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DATE: August 27, 2009
TO: William E. (Ted) Rhinehart – Deputy Chief Operating Officer for Infrastructure
FROM: Deputy Director of Finance, Internal Audit & Licensing
SUBJECT: 2009 Compliance Audit-Parks – Operation Tennis, Inc. (Contract # 02-8729)
RE: DeKalb County Parks & Recreation - Blackburn and DeKalb Tennis Centers

General Information

DeKalb County Parks and Recreation Department and Operation Tennis, Inc. have a contractual agreement (02-8729) for the management of both Blackburn and DeKalb Tennis Centers. Operation Tennis, Inc. is to manage all aspects of both tennis centers, and remits revenue to the County based on monthly gross sales of each center.

Purpose and Scope

The purpose of our audit was to determine if both Operation Tennis, Inc. and Parks and Recreation complied with the terms and agreements of Contract 02-8729, and as detailed by the Request for Proposal (RFP) 01-15.

Pursuant to the provisions of this agreement, Internal Audit (IA) conducted an audit of Operation Tennis, Inc. records relative to Blackburn (BTC) and DeKalb (DTC) Tennis Centers for the period January 1, 2007 through December 31, 2008. We conducted such audit tests and procedures as were necessary to:

- (1) Account for and verify all revenues received from Operation Tennis, Inc for Blackburn and DeKalb Tennis Centers (6% of monthly gross sales).
- (2) Verify the recording and maintenance of records by Operation Tennis, Inc., as well as the release/distribution of those records to the County's Parks and Recreation Department.
- (3) Verify/Validate a sample of other contractual terms, such as hours of operation requirements, and adherence to the due date(s) of remittances to the County.

Opinion

In our opinion, Operation Tennis, Inc. did not fully comply with the terms and conditions of Contract 02-8729, as detailed by RFP 01-15. In addition we found that Parks and Recreation did not comply with the terms of the contractual agreement between Operation Tennis, Inc. and the County, as stated in the Significant Deficiencies.

Significant Deficiency I

As per the RFP 01-15 (page 6), Operation Tennis, Inc. did not remit payments to the County in a timely manner. Remittances for the current month are due to County offices by the 15th of the subsequent month. We found several instances where Operation Tennis, Inc. remitted payments after the specified due date and therefore should be assessed a late fee.

Recommendation I

IA recommends that Operation Tennis, Inc. remit payments due to the County by the 15th of the month. In addition, after reviewing Operation Tennis, Inc. bank statements and check copies, we have calculated that the County is due a total of \$21,110.38 in late fees, covering remittances for the period January 1, 2007 through December 31, 2008. We based this calculation on Operation Tennis, Inc. check dates; versus DeKalb County receipt dates (**See Exhibit A**).

Significant Deficiency II

We found that the Parks and Recreation Department lacked sufficient documentation (check copies) regarding receipt and posting of remittances from Operation Tennis, Inc. IA observed several instances in which there were no check copies, remittances were not date stamped, and remittances were not forwarded to Accounting Services in a timely fashion. In most instances, IA had to rely solely upon the check dates of Operation Tennis, Inc. remittances to determine if payments due the County were made as per the contractual agreement.

Recommendation II

We recommend that Parks and Recreation date stamp all documentation received from Operation Tennis, Inc. and maintain copies for the County's records. This will verify receipt of payment should late fees come into question. In addition, we recommend that payments be recorded and forwarded to Accounting Services in a timely fashion.

Significant Deficiency III

Operation Tennis, Inc. was unable to provide source documents to validate monthly gross sales of Blackburn and DeKalb Tennis Centers. We requested log books and/or reports which showed participation in clinics, lessons, and tournaments; as well as court fees, annual fees, and merchandise sales. IA also requested, from Parks and Recreation, reports which should have been sent periodically to the department as per the contract terms, none were provided.

Recommendation III

We recommend that the contractual agreement be revised to specify a minimum number of years the concessionaire (Operation Tennis, Inc.) must be required to retain source documents. In addition we recommend that Parks and Recreation ensure that they are receiving, and maintaining the required reports as outlined in the contractual agreement (RFP 01-15, pages 5-6).

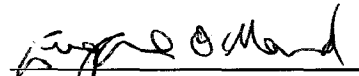
Significant Deficiency IV

Operation Tennis, Inc. remits one check for both Blackburn and DeKalb Tennis Centers. Documentation regarding the allocation of the check between Blackburn and DeKalb Tennis Centers is also submitted. We found several instances, in Oracle, where the entire check was recorded under the Blackburn Tennis Center cost center.

Recommendation IV

We request that Parks and Recreation account for the funds accurately, by booking the correct amounts to each cost center.

Please feel free to contact me if you have any questions or concerns relating to this audit report.


Eugene O'Mard

EO/KRW

Cc: Dr. Michael J. Bell, Chief Financial Officer
Keith Barker – Executive Assistant/Chief Operating Officer
Marvin J. Billups, Jr. – Acting Director, Parks and Recreation
Jon Niemeyer – Managing Director, Operation Tennis, Inc.