



# Finance-Internal Audit & Licensing

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**Date:** October 06, 2011  
**To:** Roy E. Wilson, Director of Recreation, Parks and Cultural Affairs  
**From:** Acting Deputy Director of Finance, Internal Audit & Licensing  
**Subject:** Sugar Creek Tennis Center  
**Re:** Internal Controls Review

## General Information

DeKalb County and First Serve, Inc. (First Serve) have a contractual agreement (Contract # 08-901146, dated April 24, 2008) to manage Sugar Creek Tennis Center (SCTC). DeKalb County pays First Serve \$5,000 monthly for this service and, in return, First Serve remits a portion of tennis revenues to DeKalb County, Recreation, Parks and Cultural Affairs.

Revenue is generated three main ways: (1) tennis court/team fees, (2) sales of merchandise, and (3) racquet restringing fees. Revenues are remitted to the County at various percentages, per fee type or charge.

## Purpose and Scope

The purpose of our review was to determine if First Serve has sufficient cash handling internal controls.

We interviewed personnel, examined documents, and observed the tennis center personnel perform cash handling procedures.

## Opinion

In our opinion, First Serve, Inc. has internal controls sufficient to accurately account for revenues received.

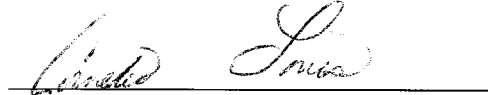
## Observations

According to the contract, First Serve is required to host at least one tournament per quarter and remit 100% of revenues to the County. In addition, the County receives 15% of revenue net profits for any additional tournaments held within each quarter. During the period January 2009 through July 2011 (10 quarters), First Serve hosted two tournaments, which is non-compliant with the contractual agreement.

According to the contract, First Serve is to sell only County owned merchandise and tennis-related goods with 100% of the revenue remitted to the County. From examination of sales receipts submitted to the County, First Serve did not remit these revenues. For the period January 2010 through July 2011, this totaled about \$ 600.

Internal Audit would like to thank you and your staff for your cooperation.

Sincerely,



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Cornelia Louis

CL/MW

cc:Richard Stogner, Chief Operating Officer/Executive Assistant  
Joel Gottlieb, Chief Financial Officer/Finance Director  
William E. (Ted) Rhinehart, Deputy Chief Operating Officer for Infrastructure  
Rhonda Naadueba, Deputy Director of Finance – Treasury & Accounting Services  
Foster Bolton, CEO/President of First Serve, Inc.