



City of Greensboro

Date: December 30, 2003
To: Ed Kitchen, City Manager
From: Internal Audit
Subject: Triad Tennis Management

We have performed an audit based on the June 9, 1998 written agreement between Triad Tennis Management (TTM) and the City of Greensboro (under the direction of the Parks and Recreation Department), for the operation of the City's tennis complexes and programs. The contract period covered by this agreement was July 1, 1998 to June 30, 2003. Under the terms of this agreement, TTM was to provide tennis services, including private lessons, clinics, camps, tennis tournaments and tennis programs at Barber Park, Hester Park, Latham Park, and the Spencer Love Tennis Center. As part of its compensation as Tennis Director, TTM would retain all fees collected for lessons, court rentals, and the sale of tennis balls. In return, the City would receive a monthly fee of \$3,000 during the term of the agreement, as consideration of the City's appointment of TTM as the exclusive Tennis Director.

On December 12, 2002, as the result of an ice storm, the roof of the George C. Simpkins Tennis Pavilion at Barber Park collapsed. This prevented TTM from performing the services required at that facility under the existing agreement. A written modification and extension to the original agreement was made on June 23, 2003, which allowed TTM to utilize an alternative area of the Tennis Pavilion, and extended the terms of the agreement to December 31, 2003. Also, the modification stated that the City would waive four monthly fees totaling \$12,000 during the period of January 1, 2003 to April 30, 2003.

The purpose of this audit was to:

- Determine if TTM conducted the tennis program, as described in the agreement.
- Review disbursements made by TTM in conducting the tennis program, and the supporting documentation.
- Verify that monthly fees were paid to the City in a timely manner.
- Verify that TTM maintained the appropriate level of liability coverage stated in the agreement.

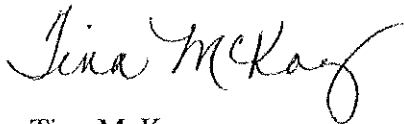
During our audit, we noted the following finding and offer our recommendation:

DOCUMENTATION

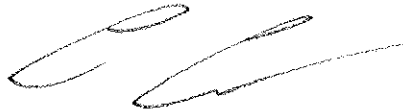
Finding: TTM does not maintain adequate documentation supporting its expenditures. During our examination, we selected a sample of 10 expenditures (totaling \$27,180.13) from TTM's cash disbursement log to trace to the vendor invoices, and 10 payroll transactions to trace to employee time records. TTM stated that these documents were no longer kept once they have been paid, due to limited office space. As an alternative test of transactions, we traced the transactions to the bank statements to ensure that the expenditures were actually paid, and viewed the cancelled checks and endorsements to ensure that the checks were made payable to and endorsed by those names shown on the cash disbursement log.

Recommendation: As part of the terms to any future agreements between the City and TTM, the Parks & Recreation Department should request that TTM maintain adequate supporting documentation of its revenues and expenditures during the contract period.

We would like to thank the staffs at TTM and the Parks and Recreation Department for the courtesy and cooperation shown us during this audit. We are requesting a response to the finding and recommendation of this audit by Friday, January 16, 2004. If you have any questions or concerns, please contact us at 373-4528.



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Internal Auditor II



Len Lucas
Acting Internal Audit Director

Cc: Mitchell Johnson, Deputy City Manager
Ben Brown, Assistant City Manager, Economic Development
Bob Morgan, Assistant City Manager
Bonnie Kuester, Parks and Recreation Director
John Hughes, Manager of Youth and Community Programs
Mike Belangia, Triad Tennis Management