

Audit Of Management Controls Over Purchasing And Inventory At Darling Tennis Center

CAO 2900-0910-11

January 28, 2010

Background

- **Leisure Services operates the Darling Tennis Center (DTC) located in the Kellogg -Zaher Sports Complex**
- **The DTC opened in September 2005**
- **The DTC rents courts, has private and group lessons, clinics and camps, and hosts tournaments**
- **The DTC has a pro shop that sells various tennis related items to the public**

Scope

- **Limited to the review of management controls over purchasing and inventory**
- **Evaluate the effectiveness of the internal controls for purchasing and inventory**
- **Review adherence to the City's Procure to Pay process**

Inventory Purchasing Procedures

Recommendations:

- **Require that DTC staff use purchase orders for all retail supplies inventory purchases, per the Procure to Pay process.**
- **Evaluate whether the DTC should continue to provide special orders for customers, thereby eliminating CLV as the middleman.**

Inventory Purchasing Procedures (continued)

Recommendations:

- Communicate to DTC staff that only goods and services for the benefit of the city are to be ordered using city accounts.**
- Request that Purchasing & Contracts provide additional training on Procure to Pay purchasing procedures for DTC employees ordering inventory.**

Inventory Controls

Recommendations:

- **The CLASS System Administrator should make system changes to allow the DTC to track retail inventory separately from program supplies inventory.**
- **Evaluate the adequacy of the storage and security of inventory at the DTC and address the identified inventory deficiencies**

Inventory Controls (continued)

Recommendations:

- Evaluate the appropriateness of the type of retail inventory and supplies inventory being ordered by the DTC and identify appropriate inventory levels to be maintained.**
- Evaluate installing a video surveillance system to monitor the cash register and inventory at the DTC.**

Inventory Controls (continued)

Recommendations:

- **Require that DTC employees verify the receipt of inventory items individually against purchase orders. Any discrepancies should be reported to Purchasing & Contracts for resolution.**
- **Work with Purchasing & Contracts in resolving the DTC's violation of the vending agreement with the Bureau of Services to the Blind and Visually Impaired.**

Management Response

- **Leisure Services Management has responded to all 10 recommendations.**
- **The City Auditor's Office has worked closely with Leisure Services and closed out all the findings identified.**

Questions

Auditor:

Gary L. Phillips, Sr. Internal Auditor

Leisure Services

Billie Bastian, Director, Leisure Services

Lonny Zimmerman, Deputy LS Director

**Dean Mattson, Supervisor LS - Adaptive
Programming**