



City of Bowling Green

Internal Auditor's Office

Golf Division Operations Audit

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Transmittal Letter

TO: Kevin D. DeFebbo, City Manager
Charles T. Hays, Audit Committee Chair
Harold Wills, Audit Committee Vice-Chair
Jean Cherry, Audit Committee Member
James Martens, Audit Committee Member
Brain Strow, Commissioner and Audit Committee Member

CC: Ernie Gouvas, Parks and Recreation Director
Bob Jeffers, Golf Division Manager

FROM: Deborah Jenkins, Internal Auditor

Pursuant to the approved 2007/2008 internal audit plan, I hereby submit my internal audit report covering the Golf Division Operations of the City of Bowling Green's Parks and Recreation Department. The objective of this audit was to determine if adequate internal controls are in place in the Golf Division's operations to ensure revenue is properly collected, recorded and accounted for as well as to ensure that inventory and assets are properly recorded, safeguarded, and accounted for.

This report includes background information to assist the reader in understanding Golf Course Operations. The body of the report consists of observations, recommendations and managements responses to the recommendations.

I would like to thank the City of Bowling Green Parks and Recreation Department's Golf Operations personnel and all those involved in assisting me regarding this report.

Sincerely,

Deborah Jenkins, CFE
Internal Auditor

Background

The City of Bowling Green operates three municipal golf courses, with approximately 50 employees. Paul Walker was the first golf course opened by the City in 1935. It is a nine hole course that contains 55.053 acres. Riverview was the second course added to the City's Parks and Recreation Department. The land was purchased in 1965 and is also a nine hole course that contains approximately 50 acres. Crosswinds was the third golf course added to the City in 1991. Crosswinds is the City's only 18 hole golf course and contains a total of 130 acres of which 77 acres is owned by the City and 53 acres is leased from the airport. The golf operation has a \$2,772,491.00 adopted budget for FY2007/2008 and it is accounted for in an enterprise fund. An enterprise fund is defined as:

"Established to finance and account for the acquisition, operation, and maintenance of governmental facilities and services that are entirely or predominantly self-supporting by user charges; or for which the governing body of the governmental unit has decided periodic determination of revenues earned, expenses incurred, and/or net income is appropriate."

The operations are generally divided into two main sections: Pro Shop Operations and Golf Course Maintenance.

Revenue is generated through green fees, cart rentals, golf club rentals, pro-shop sales, and concessions. The budgeted revenues for FY2007/2008 are \$1,506,148. A complete averaging from 1991-2007 is detailed in Attachment A. The following table summarizes the rounds, total revenues, and revenue per round at each of the City's golf courses for the past five Fiscal Years:

Rounds

Fiscal Year	Crosswinds	Riverview	Paul Walker	Total Rounds
2006/2007	31,285	13,880	19,325	64,490
2005/2006	30,735	13,636	17,293	61,664
2004/2005	31,306	12,489	17,830	61,625
2003/2004	32,140	14,508	19,656	66,304
2002/2003	31,920	13,870	19,828	65,618

Total Revenues

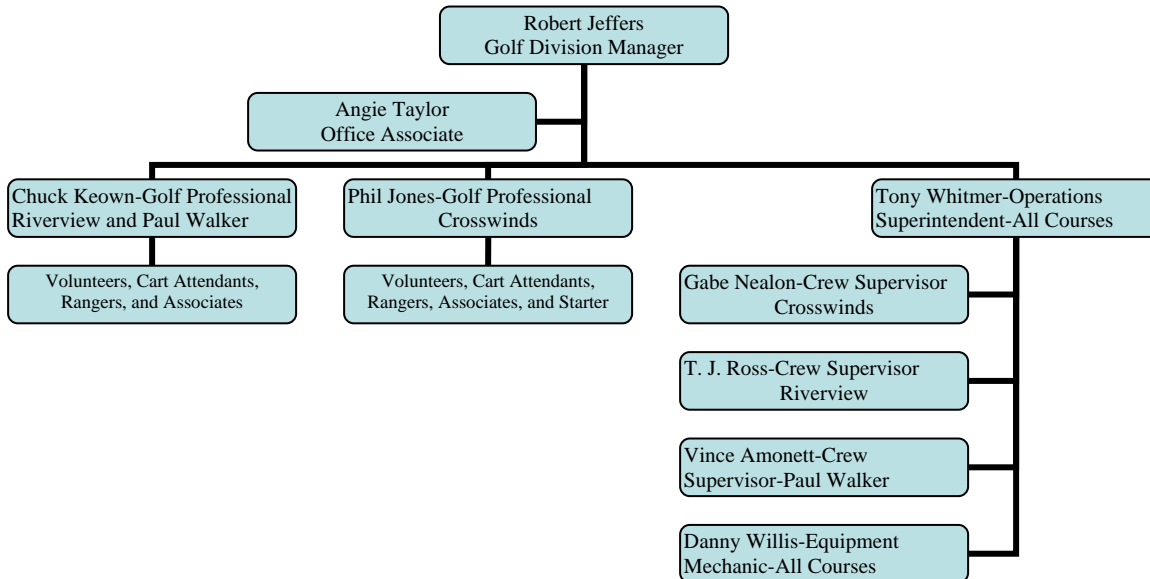
Fiscal Year	Crosswinds	Riverview	Paul Walker	Total Revenue
2006/2007	\$930,871	\$225,656	\$271,473	\$1,428,000
2005/2006	\$920,601	\$216,278	\$232,304	\$1,369,183
2004/2005	\$914,855	\$180,045	\$224,528	\$1,319,428
2003/2004	\$926,282	\$213,144	\$247,159	\$1,386,585
2002/2003	\$896,800	\$200,725	\$235,441	\$1,332,966

Average Revenue per Round

Fiscal Year	Crosswinds	Riverview	Paul Walker	Avg./Round
2006/2007	\$29.75	\$16.26	\$14.05	\$20.02
2005/2006	\$29.95	\$15.86	\$13.43	\$19.75
2004/2005	\$29.22	\$14.42	\$12.59	\$18.74
2003/2004	\$28.82	\$14.69	\$12.57	\$18.69
2002/2003	\$28.10	\$14.47	\$11.87	\$18.18

Organization

The golf division is organized as follows:



Objectives

The objective of this audit was to determine if adequate internal controls are in place in the Golf Division's operations to ensure revenue is properly collected, recorded and accounted for as well as to ensure that inventory and assets are properly recorded, safeguarded, and accounted for.

Scope

The scope of this audit included Golf Pro Shop Operations for Fiscal Year 2006/2007 through September 1, 2007.

Criteria and Approach

This audit was based on documented policies and procedures, as well as general best business practices. My approach consisted of three phases:

1. Understanding the Process:

During Phase One, I held an entrance conference with the Golf Division Manager and supporting personnel to discuss objectives of the audit work, obtain preliminary data, and inform them on the audit plan and why they were selected. I then conducted interviews with responsible golf professionals and personnel to understand their roles and responsibilities.

2. Sample Determination and Detailed Testing:

During Phase Two, I determined a sampling period that covered FY2006/2007 thru September 1, 2007. Due to the fact that most transaction data was discarded after the bank deposit is reconciled and that the Smyth System retains minimal data, I could not complete sufficient testing in many areas therefore I focused primarily on internal controls.

3. Reporting:

During Phase Three, I summarized my observations and recommendations based on detailed testing and best business practices into a report format and conducted an exit conference with management and incorporated their response into my report.

Methodology

The audit methodology consisted of collecting information and documentation, interviewing golf course operations personnel, observing processes, performing selected tests, and analyzing and evaluating the results of tests performed.

The audit was performed in accordance with generally accepted government auditing standards. Those standards required that I plan and perform the audit to afford a reasonable basis for my judgments and conclusions regarding the organization, program, activity or function under audit. An audit also includes assessments of applicable internal controls, compliance requirements under the law, and regulations when necessary to satisfy the audit objectives. I believe that my audit provides a reasonable basis for the conclusions.

Audit Opinion

In my opinion, the internal controls over the Golf Division Operations are not sufficient and adequate to ensure that revenue is properly collected, recorded and accounted for or that inventory and assets are properly recorded, safeguarded, and accounted for.

Observations and Recommendations

1. There is no management review of daily transactions.

Observation

All transaction data from Riverview and Paul Walker is thrown away after the bank deposit is reconciled. Crosswinds, however, does keep their records for one year, but management does not review. The Golf Division's software, Smyth System, also deletes all transactions after the daily reports are printed out. I requested to receive copies of the detailed transaction report on all three golf courses for September 1, 2007 and while reviewing the report, I noticed a questionable transaction which included the following:

Sandwich	\$2.99
Pepsi	\$1.18
Green fee 18 hole	\$10.00
Cart 18 hole	\$10.38
Green fee 18 hole	\$10.00
Pepsi	\$1.18
Sandwich	\$2.59
Sales tax	\$1.72
Total	\$50.42

This transaction was voided at 12:33 p.m. and there was no other transaction for 15 minutes after the void. I considered it unusual that two rounds of golf as well as snacks were rang up and then voided. I discussed the transaction with Mr. Jeffers, Golf Division Manager and faxed a copy of the transaction for follow-up. Mr. Jeffers stated that there was no explanation for the transaction, but that he would keep an eye on it.

All employees can void transactions as well as refund items. There is also no management review of their transactions. The daily reports are sent to the Office Associate to verify the bank deposit and then all reports are discarded.

Risk

With no management review, a dishonest employee could ring up a customer, give them change, hit void, and pocket the cash. All employees have access to change pricing and can potentially give unapproved discounts or ring up refunds that did not exist and pocket the cash. Thus, it could lead to lost revenues for the City.

Recommendation

All daily transaction reports should be reviewed by management. Each void or refund should be initialed by a member of management. According to Paul Walker and Riverview Golf Courses policy and procedure manual "No one is to issue a refund without Chuck's permission". Crosswinds policy states that "No one is to tender a refund or post void except Bob Jeffers, Phil, Bob Wilson, or Angie". Since management was not aware of the above mentioned void, employees are apparently not following this procedure. While reviewing software proposals this fall, management should look for software that does offer some internal security controls that limit what each employee can do and force employees to ring transactions up as themselves. While observing at Paul Walker, transactions were rang up as "BOB" and all transactions at Riverview were rang up with "CHUCK" being the employee rather than the staff using their own names.

Golf Division Management Response

Currently, daily transactions are reviewed periodically (3 days a week) by the Golf Division Manager. With new software, all daily transactions will be reviewed by the Golf Professional for their respective facilities with periodic reviews by the Golf Division Manager.

The Policy and Procedures Manual will be updated to read:

“Shop attendants may issue refunds provided a refund form is completed with customer’s name and phone number. Refund form must be signed off by the manager on duty. Refund/Void forms must be completed and turned in with the nightly paperwork.”

Time Frame

Currently, the Golf Division Manager is periodically reviewing the daily reports. With the implementation of the new software anticipated to be in place by 3/1/08, the on-site manager will review the daily report with periodic review by the Golf Division Manger.

Refund/Void log to be in place by 1/1/08.

2. Internal controls and accounting for rain checks are weak.

Observation

Internal controls surrounding rain checks are weak:

- There is no written definition of what is considered an emergency situation or acceptable scenarios for issuance.
- Pro Shop personnel issue rain checks without a golf receipt.
- Rain checks can be issued by anyone having access to the POS system.
- Management does not review issuance and redemption of rain checks.
- Redeemed rain checks are thrown away, consequently, destroying the only available supporting evidence and audit trail.

According to all three golf course policy and procedure manuals, rain checks can be issued for either “rain or other weather related reasons” or “reason other than rain or weather”. There are guidelines that show employees what amount to issue the rain check dependent of the number of holes the customer had completed, but no controls or guidelines over what is appropriate for an “other than rain or weather” issuance. Planned testing was not completed due to the fact that the current SOP software does not maintain this information as well as the fact that the redeemed rain checks are thrown away.

Risk

Rain checks issued for incorrect and unapproved reasons can lead to lost revenues for the City.

Recommendation

Golf Operations management should create a SOP to assist employees on issuing and redeeming rain checks. Specifically, rain checks should not be issued without a valid receipt and a required justification. In the case of an emergency situation, the signature or other authorization of a golf professional should be noted on the daily reports until purchasing new software. The new software should have a field for comments where the reason can be added to the rain check record. Redeemed rain checks should be included with the daily documentation and retained in accordance with City retention policies.

Since all Pro Shop personnel can issue rain checks, continuous monitoring of rain check activity should be performed by Golf Operations Management.

Golf Division Management Response

The updated Policy and Procedure Manual will read:

“Rain/Courtesy checks are to be issued with proper authorization and verification of the number of holes completed. A receipt is not required, provided the attendant can verify the customer’s participation.”

Rain/Courtesy checks can be issued for the following reasons:

Weather Related

1. *Too Hot*
2. *Too Cold*
3. *Lightning in the area*
4. *Impending weather*
5. *Rain/Precipitation (snow, sleet, hail, etc)*
6. *Too Wet*
7. *Too Windy*

Non-Weather Related

1. *Pace of Play*
2. *Customer Dissatisfaction*
3. *Emergency*
4. *Not Enough Time to Complete Round*
5. *Injury*
6. *Other*

The Golf Division policy is to try and have all dissatisfied customer concerns addressed or resolved before they leave the premises. At times this involves the issuance of a Rain/Courtesy check.

The courtesy rain check log must be completed by the Golf Shop Attendant for all rain checks issued for non-emergencies. All redeemed rain/courtesy checks will be included with the nightly paperwork and verified by the reviewing manager.

Time Frame

The Policy and Procedure Manual language will be updated by 3/1/08.
Courtesy rain check log to be in place by 1/1/08.

3. Internal control and accounting for gift certificates are weak.

Observation

- Gift certificates are kept under the counter and accessible to all employees and volunteers.
- There is no accurate SOP to guide Pro Shop personnel on how to account for the sale and redemption of gift certificates in the POS system.
- The gift certificates are numbered, however the numbers are not used.
- There is no log kept or reconciliation of gift certificates.
- Redeemed gift certificates are torn and thrown away, consequently, destroying the only available supporting evidence and audit trail.
- There are no controls in place to associate the redemption of a gift certificate with the sale of the certificate.

Risk

Without appropriate internal controls and accurate formal written procedures in place to guide employees, gift certificates are susceptible to manipulation by employees. Thus, it reduces the amount of revenue collected by the City.

Recommendation

Golf Operations Management should implement the use of debit gift cards with the purchase of the new software budgeted for Fiscal Year 2007/2008, which would eliminate the need of gift certificates and ensure that the sale is recorded in the POS system. A thorough evaluation should be performed to determine whether the gift cards should be sold at all golf courses, or just at Crosswinds. This would involve measuring the demand for gift certificates at all three locations.

In the meantime, Golf Operations Management should create, at a minimum, a spreadsheet log for gift certificates so that a record of certificates sold and redeemed can be tracked. A small inventory of certificates should be maintained in a secure location. The certificates should be counted by management and reconciled to the number of certificates sold and redeemed. Redeemed certificates should be stamped VOID and filed with daily reports to satisfy City record retention policies and also provide support documentation for future reconciliations.

Golf Division Management Response

When new software is implemented, debit gift cards will be used instead of paper gift certificates. It is the golf professionals' opinion that gift cards should be issued at each facility, not just CrossWinds.

Until new software is in place, all gift certificates will be numbered. A spreadsheet log for the certificates will be created to track ones sold, redeemed, and remaining balances. Certificates sold will be reconciled nightly. Redeemed certificates will have VOID stamped on them and filed with the nightly paperwork.

Time Frame

Paper gift certificates will be numbered, logged, and tracked starting no later than 1/1/08.

Debit gift cards will take the place of paper gift certificates with the implementation of the new software. Anticipated date of implementation will be 3/1/08.

4. Employees should provide receipts to customers for all transactions.

Observation

On September 1, 2007, I organized an unannounced receipt check at all three golf courses simultaneously. We were checking to see if everyone on the course had signed in or was listed on the t-sheet, as well as if the customer was provided a receipt and if the receipt included a golf cart fee, if applicable. The results of the unannounced check are as follows:

Riverview: Seventeen (17) of the eighteen (18) individuals on the course were listed on the sign in sheet. The only person on the course that had not signed in was a golf employee. Of the eighteen (18) customers, only three (3) could provide receipts. All three (3) customers that had a receipt were charged correctly for their golf cart. I requested a copy of the daily transaction list and noticed the City golf course employee was not rung up through the POS system as an employee comp. In addition, two season pass holders were charged the weekday fee instead of the weekend fee.

Paul Walker: Ten (10) of the sixteen (16) individuals on the course were listed on the sign in sheet. Of the sixteen (16) customers, only six (6) could provide receipts. Of the six (6) receipts, four (4) did have City carts, but the carts were not charged on the receipt provided. One customer said he would pay after playing because the Pro Shop could not provide change for his \$100 bill upon arrival. Another customer provided his name and then tried to change it once he realized that we were conducting a verification check. He was hostile and refused to show a receipt or his season pass that he stated he was playing with. We presumed he was playing on someone else's season pass.

Crosswinds: All of the forty-seven (47) individuals on the course were listed on the t-sheet. Seven (7) of the forty-seven (47) could not provide receipts, but all said they did have one for the starter and lost it after that time. All individuals that provided receipts were charged for their golf carts appropriately.

Risk

With no written policy requiring employees to provide receipts, a dishonest employee could ring up a customer, give them change, hit void, and pocket the cash. Also dishonest customers could sneak onto the course and play for free or just simply jump in a cart and use it for free since the keys are left in the carts and there is no fear of being asked for proof of payment.

Recommendation

A written policy should be made by management requiring employees to provide receipts to customers for all transactions. There should also be a permanent sign posted at each golf course giving some incentive to customers to look for and expect a receipt. All people on the course should either be listed on the t-sheet or sign in sheet, including golf employees and volunteers. All rounds of golf should be rung into the POS system, including golf employees and volunteers to track accurate rounds played on the course. Season pass holders should be required to show picture ID if not personally recognized by the pro shop attendant. Golf cart numbers should be assigned to customers when possible and/or keys should be provided to customers upon renting a cart, instead of leaving all keys in carts and not tracking which carts should be out on the course.

Golf Division Management Response

A written policy will be included with the updated Policy and Procedures Manual that requires employees to provide a receipt to all customers.

It is our goal to provide every customer with a receipt of their transaction. If you failed to receive one, or one was not offered to you, please let us know as you may be entitled to a gift certificate matching the amount of your purchase. However, to qualify, all omissions must be brought to our attention immediately.

Business cards will be made available at the counter for customer concerns. A spindle or a small box will be placed on the counter for attendants to place unclaimed or declined receipts.

Walker and Riverview courses will have an updated sign-in sheet that will track cart #'s assigned to each golfer. (See Example of Sign-In Sheet)

CrossWinds' new software will track all participants by name, class type, and cart assigned.

At all courses, carts that are staged during the day awaiting rental will have their keys removed.

The Policy and Procedures Manual will be updated to include language that requires the shop attendant to ask for proof of identity if they do not recognize the player as a member, volunteer, golf employee, or city employee.

Time Frame

The Policy and Procedures Manual will be updated by 3/1/08.

Permanent signs will be in place by 1/1/08.

Updated sign-in sheets at Paul Walker and Riverview will be in place by 1/1/08.

Keys removed from staged carts by 1/1/08.

5. All inventory counts should be overseen and reviewed by the Golf Division Manager.

Observation

When reviewing year end inventories for Fiscal Year ending 06/30/06 and 06/30/07, I noticed that Paul Walker's inventory had jumped from \$12,778 in 2006 to \$41,373 in 2007. When I asked the Golf Division Manager, he stated that he reviewed Riverview's and Crosswinds, but didn't look at Paul Walkers and that it was indeed incorrect.

In addition, one employee at each location has the responsibility for all aspects of inventory and storekeeping. This includes receiving inventory, approving invoices, product costing and pricing, inputting product data into the POS system, and supervising and performing inventory counts.

Risk

With no management review, inventories can be easily misstated and consequently presented incorrectly on the City's financial statements.

Recommendation

The Golf Division Manager should oversee the quarterly inventory process, spot check the counts, review, and approve all inventory counts to ensure proper reporting. There should be proper segregation of duties. The employee responsible for ordering inventory should not be the person receiving and entering the inventory into the POS system. The employee in charge of the inventory should not be conducting the quarterly inventorying at their golf course. The employee responsible for inventory could possibly conduct the inventory of another course instead of their own.

Golf Division Management Response

The recommendation for inventory controls was to segregate the duties for 1) ordering, 2) receiving/entering into the POS system and, 3) inventory counts.

1) Ordering

The Golf Professional for Walker and Riverview along with the Golf Professional at CrossWinds knows their clientele/customers and order merchandise according to what they think will sell. We don't carry all the same products at the three courses.

Therefore, it is important that the Golf Professionals continue ordering merchandise for their respective courses.

2) Receiving/Entering into the POS System

The Golf Professional at each course (no full-time employee at Walker) is the one familiar with their inventory software. Riverview's software is different from Walker and CrossWinds. All other staff is seasonal and therefore we experience a lot of turnover. We spend over a month training a seasonal employee on entering inventory and then he or she moves on to a better job. We just lost the seasonal staff member at CrossWinds who was entering inventory and will lose the permanent part-time person at Walker at the end of October. The Golf Professional at Riverview has been entering the inventory into Riverview POS due to the fact that most of his staff at Riverview is not computer literate.

With being predominately seasonal staff, this separation of duties between ordering and entering is hard to achieve as our own experience indicates. We will continue to seek those seasonal staff members that show signs of continued employment and train those employees on entering inventories into the POS system.

3) Inventory Counts

Seasonal staff are helping to conduct counts when a physical inventory is taken. The full time staff member at each course oversees the count. They are familiar with their own operation and where additional inventories are located, such as the basement, office, closet, behind the counter, etc. This full-time person takes the inventory counts and enters them in the computer at their course as they are familiar with their software. Seasonal staff aren't here long enough (or in some cases computer literate enough) to train on this procedure that is done four times throughout the fiscal year.

The Golf Professional will continue to involve seasonal staff during physical inventory. The Golf Division Manger, along with assistance from Golf's Senior Office Associate, will oversee the inventory process. They will conduct spot checks, review and approve inventory counts.

Summary

The challenge this presents, especially for resale inventories, is that Golf has three full-time Golf Professionals (including the Golf Division Manager) that run three pro shops with all other staff being seasonal employees with a starting pay of \$6 per hour. Therefore, segregating these duties is good in theory, but not practical.

Time Frame

To be implemented 3/31/08 with the new software.

6. Internal controls and accounting for assets need strengthening.

Observation

The Finance Department provided me with a Capital Asset Report for the Golf Division as of August 22, 2007. I went to the three golf courses to verify that all assets were listed on the reports, properly described, and that the assets were properly safeguarded. Out of the one-hundred-eighty-nine (189) assets listed on the report, I verified all but one asset. There was a Chevy one-ton pickup truck at Crosswinds, vehicle #812, which was not listed on the asset sheet. The Finance Department employee responsible for asset accounting stated that the truck had been taken off of the books due to a note on the last asset verification which said that the truck had been sold at auction. The Finance Department agreed to put the truck back on the books. There was also five asset descriptions that needed updating either from a change in location or from an incorrect description. I also noted that the keys to each piece of equipment and golf carts were kept in the ignition. There are no camera systems at any of the Pro Shops or maintenance facilities with the exception of limited cameras at Crosswinds Pro Shop.

While verifying the assets at Paul Walker, I did not find any personnel at the maintenance shop. The bay doors were open and the keys were in all pieces of equipment, but there were no personnel on site.

Risk

Assets can be compromised either by dishonest employees or citizens if not properly secured or accounted for.

Recommendation

I recommend that the Finance Department not remove items from the books unless a Surplus Form is completed for the item and signed off by Management. I also recommend that the keys not be left in the golf carts, mowing or heavy equipment. Leaving the keys in the equipment makes it extremely susceptible to theft. The operations superintendent or crew supervisor should be responsible for all equipment keys.

Security Cameras should be installed at a minimum in all Golf Pro Shops. Many of the associates in the Pro Shops are young students and it is not unusual for one person to be working the Pro Shop alone. Security cameras would help management by giving them the ability to review the tapes if they suspect theft, either from a customer or employee, as well as provide information to police if or when any criminal activity such as a robbery should occur.

Golf Division Management Response

When golf carts are staged for rental purposes, keys will be removed.

All golf maintenance equipment left or parked outside overnight, or when left unattended on the jobsite, shall have their keys removed.

One common problem the Golf Division has encountered in the past when removing keys is that customers and employees mistakenly leave keys in their pockets and keys come up missing. Most maintenance equipment has specialty keys which are not easily replaceable.

All supervisors at each golf course maintenance location will secure buildings when personnel are not present for long periods of time. Please note that maintenance facilities are usually busy buildings and staff are usually coming and going at all times.

Time Frame

To be implemented by 1/1/08.

7. Internal controls and accounting of complimentary rounds needs strengthening.

Observation

- Complimentary cards are available for multiple employees to use at their discretion.
- There are no rules of engagement for the issuance of complimentary cards.
- A log is kept at each Pro Shop, but it is not accurate or signed off on by management.
- The complimentary cards are thrown away shortly after use, destroying the audit trail.
- Not all complimentary rounds are rung through the POS system.
- There is no reconciliation between the cards, log, and/or POS system.

The log sheets kept at each location do not match the number of complimentary rounds reported on the monthly participation and revenue reports. By my calculations, an average of only 14.54% of the complimentary rounds reported was listed on the complimentary log. The actual cards are thrown away periodically once redeemed. Attachment B details the results of my review. Volunteer rounds of golf are not included in the reported complimentary rounds, but account for 1460 rounds of golf played from July 1, 2006-June 30, 2007 at Crosswinds. Paul Walker and Riverview Golf Courses only have volunteer rounds recorded since July 1, 2007.

The following table is a summary of the recorded complimentary rounds from July 1, 2006-June 30, 2007. The recorded complimentary rounds do include golf employee rounds, but do not include volunteer rounds played.

Description	Crosswinds	Paul Walker	Riverview
Total Recorded Comps.	1,803	556	431
Employee Comp. Rounds	622	451	346
Frequent Player Comp. Rounds	176	0	0
Hotel Rounds Recorded as Comp. Rounds	82	0	0
Other Comp. Rounds	923 (2.95% of Total Rounds)	105 (0.54% of Total Rounds)	85 (0.61% of Total Rounds)
Average Revenue Per Round	\$29.75	\$14.05	\$16.26
Potential Revenue from Other Comp. Rounds	\$27,459.25	\$1,475.25	\$1,382.10

Risk

Without appropriate internal controls and management review in place, complimentary rounds are susceptible to manipulation by employees as well as rounds played not being accurately counted. Thus, it reduces the amount of revenue collected by the City.

Recommendation

I recommend that management enforce the accurate use of the complimentary logs, reconcile the log to the cards received, and sign off on the logs monthly. Any approved complimentary round that was not issued with a complimentary card, should have the approving manager's initials on the log. All complimentary rounds, including volunteer and employee rounds, should be on the log. Volunteer rounds are not counted as a complimentary round; they are counted as a form of season pass holder. Volunteer rounds are no different than golf employee rounds and should be accounted for in the same fashion.

There should be some basic written guideline of when complimentary cards or rounds should be provided, otherwise, they can potentially be abused.

Golf Division Management Response

The observations that *Complimentary cards are available for multiple employees to use at their discretion and There are no rules of engagement for the issuance of complimentary cards* is misleading. The Parks and Recreation Director and four senior golf staff members do have access to complimentary passes. There are verbal rules of engagement passed down from the Golf Division Manager but these guidelines are not in writing in the current Policy Manual for the Golf Division.

The figure of \$27,459.25 at CrossWinds for Potential Revenue from Other Comp Rounds is misleading for the following reasons:

The figure \$29.75 per round is used when figuring Potential Revenue from Other Comp Rounds. This figure is derived from taking the total golf revenue divided by total rounds played. This figure of \$29.75, among other fees, includes revenue from cart rentals, merchandise and concessions. When an individual plays complimentary, this does not necessarily include a golf cart and never includes merchandise or concessions. When the comp player purchases merchandise or concessions, this is revenue that would not be realized if not for the comp round.

The majority of complimentary rounds issued do not include cart rental fees. If the comp round does not include cart rental, most players will pay the additional \$10 cart rental fee therefore generating additional revenue because of the comp pass. When a comp card is issued, most players will bring additional paying customers with them therefore increasing revenues from the issuance of a comp round.

Comp Rounds accounted for on the Golf Division Monthly Report do not accurately reflect "true" complimentary rounds. In FY06 and the first quarter of FY07 the Golf Division traded out comp passes for work such as: painting, cleaning, HVAC, advertising, engineering work, carpentry, electrical work and trophies. These services would have been paid from Golf's expenditure budget if not traded out. The practice of "trading out" comp passes for a service has been eliminated.

It is incorrect to assume that players who visited the City's CrossWinds Golf Course with a complimentary pass would have come to play even without a comp pass. Therefore, inferring that the City would have received additional revenue of \$27,495.25 due to comp rounds is not correct.

It is the opinion of the Golf Division Manager that complimentary golf is not only good promotion of our facilities, it does generate additional revenue through cart rentals, merchandise, concessions and comp players bringing additional guests that pay full price.

The Golf Division Manager understands there needs to be better accounting for comp rounds and a written policy governing the issuance of such rounds. The following is an updated written policy that will be included in Golf's Updated Policy and Procedures Manual.

Updated Complimentary Rounds Policy

The Golf Division Manager will be the only Golf Division staff member with access to complimentary cards. Complimentary rounds may be authorized only by the Parks and Recreation Director and/or the Golf Division Manager for the following reasons:

- Community Support.
 - Recognized Charitable Organizations, School Fall Festivals: These groups typically receive two complimentary passes for prizes or auctions. Usually carts not included and good weekdays and after 1:00 p.m. on weekends.
- Professional courtesy.
 - Visiting Golf Professionals and Golf Superintendents, cart fees not included.
- Advertising and Promotions.
 - In conjunction with radio advertisement/contests.
 - Tourism Promotions. In conjunction with official Tourism promotions promoting Bowling Green.
 - Outing coordinators, 2 passes sent to coordinators after tournament and completion of evaluation/comment card. Cart included.
- Volunteers.
 - Regular registered volunteers.
 - Special Volunteers used when regular and volunteer staff cannot handle large tournaments. These volunteers would receive one round per workday.
- Internal City promotions and drawings.
 - City-Hall-In-The-Mall, United Way Drawing, City Picnic, City Survey Incentives. Carts included.
- Golf Division Employees.
 - Full and part-time receive free play.
- Frequent Player Cards
 - One free round after six paid eighteen hole rounds. Cart not included.
- Customer Complaints.
 - Cart usage depends on whether cart was initially rented.

Audit Trail

All Golf Staff are required to record any person that plays complimentary. They are to be recorded on the "Comp Log" under the proper name and category. Comp passes and Frequent Player passes are to be stapled to the Comp Log when redeemed. Volunteers and Golf Staff are to be recorded on the "Volunteer/Golf Employee Log." The "Comp Log" and the "Volunteer/Golf Employee Log" are to be turned in each night with the nightly report.

Time Frame

To be implemented by 1/1/08.

8. Division Policy and Procedure Manuals need to be consolidated and standardized.

Observation

Crosswinds Policy and Procedure Manual was last updated in January 2001 and Paul Walker and Riverview's joint Policy and Procedure Manual was last updated in May 2005. In reviewing both of the manuals, I recognized multiple items that were incomplete with some portions out of date.

Risk

Without current and accurate policies and procedures, golf employees do not have an accurate resource to facilitate consistency in performance of their duties. Lack of accurate policies may cause Golf Operations to be in noncompliance with state statutes, City ordinances, and departmental goals.

Recommendation

With the purchase of a new software application that will be based on the City's servers and supported by our internal IT Department, this is a great opportunity to update and standardize procedures throughout the entire division and consolidate the Policy and Procedure Manual. Written policies and procedures facilitate consistency in performance, establish standards for performance measurement, and allow for smoother employee transitions. I would recommend that the updated manual refer to positions instead of specific management names. This will help keep the manual current even if there is a change in personnel.

Golf Division Management Response

With the implementation of new software, the Policy and Procedure Manual will be updated for all courses to standardize policies. Procedures will be standardized to the extent possible, realizing the differences between the nine hole courses vs. the eighteen hole golf course.

Time Frame

Implemented by 3/1/08, when the new software is in place.

Attachment A

Golf Participation and Revenue History
Fiscal Years Ending 1991-2007

<u>Year</u>	<u>Golf Course</u>	<u>Rounds</u>	<u>Revenue</u>	<u>Rev per Round</u>
1991	Crosswinds	9,915	164,257	16.57
1992	Crosswinds	25,388	486,309	19.16
1993	Crosswinds	26,062	536,883	20.60
1994	Crosswinds	27,546	643,975	23.38
1995	Crosswinds	30,697	742,968	24.20
1996	Crosswinds	33,156	803,740	24.24
1997	Crosswinds	38,990	930,414	23.86
1998	Crosswinds	36,509	906,421	24.83
1999	Crosswinds	37,734	895,819	23.74
2000	Crosswinds	38,827	988,370	25.46
2001	Crosswinds	33,778	932,999	27.62
2002	Crosswinds	32,624	917,561	28.13
2003	Crosswinds	31,920	896,800	28.10
2004	Crosswinds	32,140	926,282	28.82
2005	Crosswinds	31,306	914,855	29.22
2006	Crosswinds	30,735	920,601	29.95
2007	Crosswinds	31,285	930,871	29.75
	Crosswinds Total		13,539,125	
1991	Paul Walker	27,962	246,441	8.81
1992	Paul Walker	27,962	246,441	8.81
1993	Paul Walker	23,892	242,851	10.16
1994	Paul Walker	21,850	254,520	11.65
1995	Paul Walker	23,977	247,589	10.33
1996	Paul Walker	21,996	207,604	9.44
1997	Paul Walker	27,633	244,402	8.84
1998	Paul Walker	26,868	243,204	9.05
1999	Paul Walker	27,771	266,921	9.61
2000	Paul Walker	24,054	249,221	10.36
2001	Paul Walker	23,106	237,718	10.29
2002	Paul Walker	21,278	239,686	11.26
2003	Paul Walker	19,828	235,441	11.87
2004	Paul Walker	19,656	247,159	12.57
2005	Paul Walker	17,830	224,528	12.59
2006	Paul Walker	17,293	232,304	13.43
2007	Paul Walker	19,325	271,473	14.05
	Paul Walker Total		4,137,503	

1991	Riverview	17,758	153,258	8.63
1992	Riverview	18,877	155,496	8.24
1993	Riverview	15,940	148,611	9.32
1994	Riverview	16,910	153,445	9.07
1995	Riverview	18,683	212,734	11.39
1996	Riverview	17,241	191,693	11.12
1997	Riverview	21,116	220,960	10.46
1998	Riverview	22,099	229,077	10.37
1999	Riverview	21,182	242,406	11.44
2000	Riverview	20,339	254,989	12.54
2001	Riverview	18,950	247,685	13.07
2002	Riverview	18,115	253,962	14.02
2003	Riverview	13,870	200,725	14.47
2004	Riverview	14,508	213,144	14.69
2005	Riverview	12,489	180,045	14.42
2006	Riverview	13,636	216,278	15.86
2007	Riverview	13,880	225,656	16.26
	Riverview Total		3,500,164	
	Grand Total		21,176,792	

Attachment B

Golf Operations Audit
 Project# 2008-01
 Test and Analysis of Complimentary Rounds of Golf
 Period: July 2006-July 2007

A	Course
B	Total Rounds Recorded
C	Total Complimentary Rounds Recorded
D	Total percentage of Complimentary Rounds Recorded to Total Rounds Recorded
E	Total Employee Complimentary Rounds
F	Total Frequent Player Complimentary Rounds
G	Total Volunteer Rounds
H	Percentage of Complimentary Rounds including Volunteer Rounds
I	Number of Complimentary Rounds Recorded on Comp. Log
J	Percentage of Recorded Complimentary Rounds listed on Comp. Log

Month	A	B	C	D	E	F	G	H	I	J
July-06	Crosswinds	4023	269	6.69%	68	38	125	9.79%	86	31.97%
August-06	Crosswinds	4026	194	4.82%	65	21	160	8.79%	39	20.10%
September-06	Crosswinds	3274	144	4.40%	30	15	133	8.46%	42	29.17%
October-06	Crosswinds	2403	140	5.83%	29	4	113	10.53%	44	31.43%
November-06	Crosswinds	1599	106	6.63%	19	22	139	15.32%	0	0.00%
December-06	Crosswinds	1131	69	6.10%	25	11	85	13.62%	9	13.04%
January-07	Crosswinds	584	29	4.97%	9	7	46	12.84%	3	10.34%
February-07	Crosswinds	657	45	6.85%	26	3	56	15.37%	5	11.11%
March-07	Crosswinds	2514	137	5.45%	43	11	134	10.78%	30	21.90%
April-07	Crosswinds	2888	153	5.30%	62	6	131	9.83%	36	23.53%
May-07	Crosswinds	3640	228	6.26%	114	21	168	10.88%	36	15.79%
June-07	Crosswinds	4546	289	6.36%	132	17	170	10.10%	53	18.34%
July-06	Paul Walker	2402	48	2.00%	36			2.00%	6	12.50%
August-06	Paul Walker	2117	40	1.89%	36			1.89%	9	22.50%
September-06	Paul Walker	2056	79	3.84%	71			3.84%	7	8.86%
October-06	Paul Walker	1420	51	3.59%	43			3.59%	3	5.88%
November-06	Paul Walker	1289	22	1.71%	18			1.71%	5	22.73%
December-06	Paul Walker	731	24	3.28%	14			3.28%	11	45.83%
January-07	Paul Walker	466	14	3.00%	14			3.00%	0	0.00%
February-07	Paul Walker	471	14	2.97%	13			2.97%	1	7.14%
March-07	Paul Walker	1753	50	2.85%	40			2.85%	10	20.00%
April-07	Paul Walker	1731	75	4.33%	72			4.33%	8	10.67%
May-07	Paul Walker	2400	81	3.38%	72			3.38%	3	3.70%
June-07	Paul Walker	2489	58	2.33%	22			2.33%	15	25.86%
July-06	Riverview	1745	46	2.64%	43			2.64%	11	23.91%
August-06	Riverview	1781	42	2.36%	38			2.36%	4	9.52%
September-06	Riverview	1531	51	3.33%	39			3.33%	6	11.76%
October-06	Riverview	1072	39	3.64%	31			3.64%	0	0.00%
November-06	Riverview	669	51	7.62%	41			7.62%	3	5.88%
December-06	Riverview	526	32	6.08%	25			6.08%	0	0.00%

January-07	Riverview	258	6	2.33%	3	2.33%	0	0.00%
February-07	Riverview	243	9	3.70%	8	3.70%	0	0.00%
March-07	Riverview	1185	38	3.21%	24	3.21%	5	13.16%
April-07	Riverview	1233	42	3.41%	34	3.41%	5	11.90%
May-07	Riverview	1794	43	2.40%	33	2.40%	7	16.28%
June-07	Riverview	1843	32	1.74%	27	1.74%	6	18.75%
Average % of Recorded Comp recorded on Log							14.54%	

ATTACHMENT C

CrossWinds Refund/Void Daily Log

Sales Person:	Amount:
Item #/Description:	
Reason:	
Customer Name:	Phone #:
Manager's Initials:	

[Redacted]

Sales Person:	Amount:
Item #/Description:	
Reason:	
Customer Name:	Phone #:
Manager's Initials:	

[Redacted]

Sales Person:	Amount:
Item #/Description:	
Reason:	
Customer Name:	Phone #:
Manager's Initials:	

CrossWinds Courtesy/Raincheck Daily Log

Sales Person:	Amount:
RainCheck #:	
Reason for Raincheck:	
Manager's Initials:	

[Redacted]

Sales Person:	Amount:
RainCheck #:	
Reason for Raincheck:	
Manager's Initials:	

[Redacted]

Sales Person:	Amount:
RainCheck #:	
Reason for Raincheck:	
Manager's Initials:	

Comp Log

(Includes Comp Cards, Verbal Comps, Comp Frequent)

Attendant Initials	Customer Name	Authorized By (Name on back)	Green Fee Only	Green Fee & Cart	PGA/ GCSAA	Comp. Frequent

CrossWinds Gift Certificate Log

Submit all redeemed gift certificates

Cert. #	Issued To	Issued Amount	Redeemed Amount	Redeemed Amount	Redeemed Amount

The Golf Course at Riverview

Sign in Sheet

Day/Date _____

Time Out	Name (Please Print)	Phone Number	Member	Daily Fee	# of Holes	Cart #

ALL PLAYERS MUST CHECK IN