

Internal Audit of Columbus Golf Authority

Presented by: John D. Redmond, CIA, CMA Internal Auditor/Compliance Officer

Donna B. McGinnis, CPA, CFE Forensic Auditor

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Audit Authorization

- ▶ The audit was authorized by City Council on September 22, 2020

Audit Process

- Authorization of Audit
- Development of Audit Program
- Entrance Conference With Auditee
- Conduct of Fieldwork

Audit Process (Continued)

- Preparation of Draft Audit Report
- Exit Conference with Auditee
- Auditee Response
- Preparation of Final Audit Report
- Presentation to City Council

Audit Scope

- Organizational Structure of the Columbus Golf Authority
- Golf Authority Governance
- Operations
- Inventory and Assessment of Vehicles, Capital Equipment, & Facilities
- Financial Position

Audit Scope (Continued)

- ▶ Employee Verification & Position Description Review
- ▶ Administrative and Financial Operations
- ▶ Business Continuity Plan & Employee Succession Plan
- ▶ Strategic Planning Exercise
- ▶ Development of a Strategic Plan

Audit Activity and Observations

- ▶ Tour of Golf Courses & Facilities
- ▶ Bull Creek Facility consists of 2, 18-Hole Courses situated on about 500 Acres of Watershed Property, adjacent to Lynch Road, north of Macon Road, projected for 46,000+ 18-Hole rounds in FY2021
- ▶ Built in the early 1970's and opened in 1972
- ▶ Heavily wooded property, with watershed lakes interspersed to detain water from flowing directly into Bull Creek and flooding areas to the south as it flows toward the Chattahoochee River

Photos from Bull Creek



Photos from Bull Creek



Photos from Bull Creek



Audit Activity and Observations

- As trees have matured, many are encroached on the Golf Course and need trimming or removal
- There is considerable silt build-up in the detention ponds and lakes
- The silt build-up reduces the capacity of the detention ponds and sometimes causes flooding of the courses in times of heavy rainfall in a short period of time
- The detention ponds and lakes provide a ready source of water for course irrigation

Audit Activity and Observations

- Oxbow Creek Facility
- Located on South Lumpkin Road in South Columbus
- Newer Brick Clubhouse and Course
- Designed for 18 holes , but only 9 constructed

Audit Activity and Observations

- Quickly and inexpensively constructed, some upgrades needed
- Rapidly failing bridge adjacent to Hole #2 Tee Box
- More rounds of golf in FY2021, projected for 25,000+ 9-hole rounds
- Sorely needing the additional 9 holes to accommodate its growing number of participants

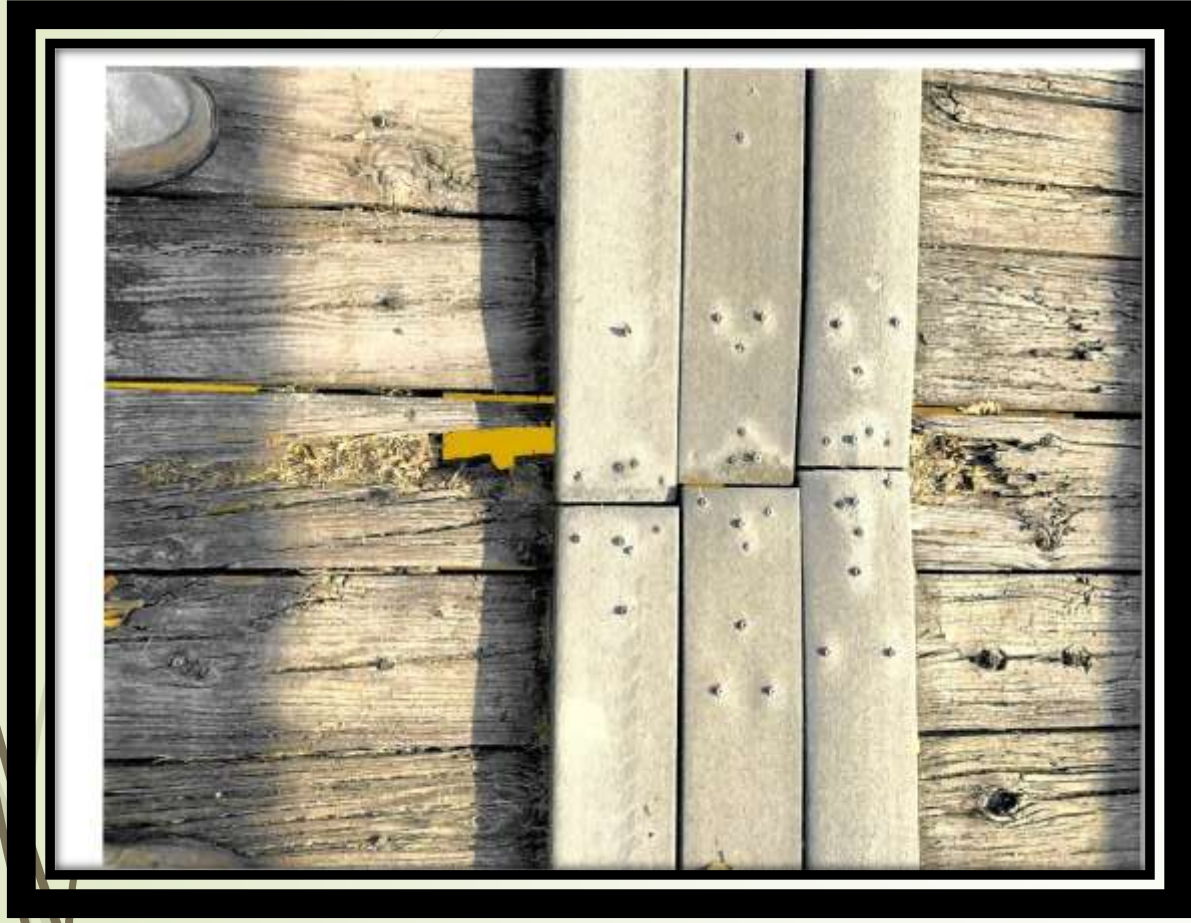
Oxbow Creek-Videos of Failing Bridge



Photos from Oxbow Creek



Photos from Oxbow Creek



22 year old vehicles

Photos from Oxbow Creek



Photo from Oxbow Creek



Audit Activity and Observations

- ▶ Godwin Creek Course, located in City Village in Northwest Columbus
- ▶ A golf-teaching facility (Fore Kids) leased and operated by Richard & Stephanie Callahan, focused on teaching children and youth to play golf
- ▶ A 9-hole short course, a respite tucked away in the city amidst Industrial and Commercial enterprises
- ▶ A developmental facility, creating a new supply of young golfers to learn the game, building their confidence and self esteem, and refilling the courses for years to come

Audit Activity and Observations

- ▶ Could this program serve as an avenue to prevent crime and teach at-risk youth a new way to develop skills that could enable a scholarship opportunity to provide higher education opportunities?
- ▶ It could, with a Crime Prevention Grant to provide transportation and scholarship to cover program costs for at-risk and underprivileged youth

Audit Activity and Observations

- FY2021 reflects the highest number of rounds of golf ever played at the Bull Creek and Oxbow Creek Courses in their respective histories
- FY2021 has been a difficult year to maintain staff and a labor pool to maintain and operate the courses
- Both courses are supplemented with prison labor that learn valuable skills that are in high demand when they return to civilian life. Several have been offered and accepted high-paying jobs after learning to maintain and care for golf courses after serving their time

Audit Activity and Observations

- ▶ Most of the equipment; tractors, mowers, vehicles and small tools are well beyond their useful lives, and require considerable parts and maintenance to keep them operational
- ▶ Fees at Bull Creek and Oxbow Creek are well below those of other comparable facilities in the Columbus Area; these need to be increased to generate additional income to make the courses and the authority self-sufficient, including operating expenses, and reserves for equipment replacement, facility expansion, upgrades and replacement
- ▶ Reserve accounts should be funded with surpluses from operations, for capital equipment purchases and replacements

Audit Activities and Observations

- Staffing needs to be increased at Bull Creek and Oxbow Creek courses to perform course maintenance and resolve issues with tree encroachments, clearing underbrush and removing silt from the lakes and ponds
- The Finance Operation consists of one, full-time Financial Technician, that handles financial, human resources, payroll entry, and membership tasks for both facilities. This function was previously supported with a second position, to maintain currency of the workload and provide back-up in cases of scheduled or unscheduled absences. This area was critically behind and required process re-engineering and temporary assistance to bring it to a current state
- Most of the issues were attributable to inadequate training, understaffing and frequent turnover

Audit Findings

- Nearly all assets in use, are far beyond their useful lives
- Specialized equipment is needed for trimming or removing trees encroaching on the fairways and silt removal
- Several areas of operations are understaffed at each location
- Parking, cart storage, pavilion and a starter house are inadequate or lacking, at the Bull Creek Facility

Audit Findings (Continued)

- The Oxbow Creek Course only has 9 holes of the 18 holes planned, the remaining holes need to be completed
- The Creek Bridge at the Oxbow Creek Course adjacent to the Number 2 Tee Box is closed for repair or replacement
- The Youth Golf Training Program should be expanded to include youth from disadvantaged and crime-ridden areas of the community to improve opportunities for these youth and to reduce crime

Audit Findings (Continued)

- The lease of the Godwin Creek Facility to Fore Kids has expired and should be renewed
- Additional inventory is needed at the Oxbow Creek Pro Shop to enhance sales opportunities and profitability
- The workload of the Financial Technician was behind in vendor payments, frequency of deposits, reporting cash receipts and issuance of membership cards, leading to inaccuracy of financial reports by month and member complaints

Audit Findings (Continued)

- ▶ The Golf Authority needs a checking account for payment of vendors requiring payment at time of delivery, which causes the necessity for maintaining large sums of money to purchase money orders of delivery day as the vendor does not accept cash nor permit open accounts
- ▶ The Authority needs to establish a continuity of profitability such that ongoing financial subsidies are no longer needed
- ▶ Fee Structures need to be compared to competition and adjusted to generate adequate revenue to not only cover operating expenses but capital equipment replacement and contingencies

Audit Findings (Continued)

- Compensation levels for all employees and management need to be reviewed, at least annually, to ensure that it is competitive to retain high quality, experienced employees and management
- All positions need review to determine those most critical to organizational success and ensure that back-ups are adequately trained to fill critical vacancies
- Accounting accrual entries should be made at the end of each month to include all revenues that deposited at the beginning of the following month, and reversed at the beginning of the new month

Audit Findings (Continued)

- ▶ The Golf Membership Management Program is contained in Lotus Notes, a platform that we were previously told the City was discontinuing

Audit Recommendations

- A Capital Equipment Replacement Schedule should be prepared to determine funding requirement, by year, required to fund replacement purchases and its impact of the fee structure
- Discarded and non-operating assets should be retired and sent to auction or disposal
- Specialized equipment for trimming and cutting trees along the courses should be purchased, leased, or rented to accomplish the task

Audit Recommendations (Continued)

- ▶ Staffing for each facility needs to be reevaluated based on current business volume and activity level
- ▶ A trained, back-up for the Financial Technician needs to be identified or hired/contracted
- ▶ Bull Creek Facilities should be evaluated during the Strategic Planning Session for prioritization and synchronization of upgrades or replacements
- ▶ The Oxbow Creek Course should be evaluated by a Golf Architect to determine the feasibility and cost of constructing the additional 9 holes

Audit Recommendations (Continued)

- The deteriorating bridge on the cart path at Oxbow Creek needs to be repaired or replaced
- A proposal for Youth Golf Training should be obtained by the Crime Prevention Director to expand the program to disadvantaged and troubled youth, that could be qualify for Crime Prevention Funding
- A new contract should be prepared and executed with Fore Kids for the lease of the Godwin Creek Facility and continued Youth Golf Training.

Audit Recommendations (Continued)

- The inventory of golf clubs, golf bags, apparel and golfing supplies at the Oxbow Creek location needs to be increased to provide greater selection and sales opportunities
- Accounting and Finance processes and scheduling for the timely completion of duties was reengineered to provide timely reporting and deposit of funds; this process should be continued for improved accuracy of financial reporting and vendor relations
- Obtain authorization from the City's Finance Director for a checking account to pay for purchases that must be made at the time of delivery

Audit Recommendations (Continued)

- ▶ Take steps to ensure continued profitability at each golf course so that financial self-sustainability is achieved and continues indefinitely; develop and adopt a fee structure that not only covers current operating expenses, but also provides funding for capital equipment and facility replacements
- ▶ Adjust compensation as necessary to retain all critical employees and management
- ▶ Create an Employee Continuity Plan to ensure properly trained back-up exists for all critical positions

Audit Recommendations (Continued)

- ▶ Prepare accounting accrual entries at the end of each month for the Finance Department's Accounting Division to enter to ensure periodicity of revenues and expenses, that are then reversed at the beginning of the following month
- ▶ Develop or acquire a membership management system on a platform other than Lotus Notes as the City moves away from that software

Auditee Response

- ▶ Jim Arendt, Golf Director, responded his agreement with the audit findings and recommendations and thanked the auditors for their efforts to assist the golf courses and the Golf Authority to reach its maximum potential

Questions

- ▶ Are there any questions from City Council or Executive Management regarding this report?