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**Performance Audit of the  
Park and Recreation Department's Golf Division**

**OPPORTUNITIES EXIST TO IMPROVE  
THE BUSINESS OPERATIONS AND  
COMPETITIVENESS OF CITY GOLF COURSES**

**FEBRUARY 2015**

**Audit Report**

**Office of the City Auditor  
City of San Diego**



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## THE CITY OF SAN DIEGO

February 5, 2015

Honorable Mayor, City Council, and Audit Committee Members  
City of San Diego, California

Transmitted herewith is an audit report on the City of San Diego's Park and Recreation Department's Golf Division. This report was conducted in accordance with the City Auditor's Fiscal Year 2015 Audit Work Plan, and the report is presented in accordance with City Charter Section 39.2. The Results in Brief is presented on page 1. Audit Objectives, Scope, and Methodology are presented in Appendix B. Management's responses to our audit recommendations can be found after page 28 of the report.

During the course of our audit, we identified two security issues pertaining to Golf Division-operated golf properties. Pursuant to Government Auditing Standards, Section 4.42, we omitted that information from this report and provided a confidential limited use memorandum to management and those charged with governance. The memorandum describes the security issues and contains recommendations to address those issues.

We would like to thank staff from the Golf Division, as well as representatives from other City departments for their assistance and cooperation during this audit. All of their valuable time and efforts spent on providing us information are greatly appreciated. The audit staff responsible for this audit report are Alicia De La Garza, Nicholas Ketter, Matthew Helm, and Kyle Elser.

Respectfully submitted,

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## Results in Brief

The City of San Diego (City) operates three golf course complexes throughout San Diego: Torrey Pines, Balboa Park, and Mission Bay. In FY 2014, the City-operated courses generated nearly \$20 million in revenues for the Golf Enterprise Fund, and had a net operating income of about \$4.5 million. Over the past several years, the City's Park and Recreation Department's Golf Division has invested time and funds intended to improve the quality and consistency of play at the City-operated golf properties. While physical improvements to the City-operated golf properties have been important developments, we identified opportunities to 1) improve the efficiency of the Golf Division's business operations, and 2) enhance the marketing of the City's golf course assets.

First, we found that the Golf Division can improve the efficiency of key business operations by employing technology solutions. Specifically, the division should modernize its point-of-sale system to minimize the likelihood of credit card transaction errors, and simplify the transaction process for customers. Additionally, implementing an online tee time reservation capability for customers would enable the City's municipal courses to be more competitive in the regional golf market. We also identified opportunities to improve cash handling processes and policies for the City's municipal golf properties.

Second, we found that the Golf Division lags behind local and regional golf course competitors with respect to the marketing of the City-operated golf properties. Although the Golf Division has previously identified the need for comprehensive marketing of its properties, current efforts are limited. Notably, the division's marketing efforts are hampered by the fact that the City has neither a comprehensive marketing strategy, nor dedicated staff to implement such a strategy.

We made five recommendations to address the issues identified in this report, and management agreed to implement all five.

# Background

The City of San Diego (City) owns ten golf course properties throughout San Diego. Of the ten city-owned golf properties, the Park and Recreation Department’s Golf Division operates three, while private operators lease and operate the other seven courses. The City’s Real Estate Assets Department manages leases for privately operated properties. See **Exhibit 1** below for City of San Diego’s golf course properties.

*Exhibit 1*

**City of San Diego Golf Course Properties**

<b>City of San Diego-operated municipal golf courses</b>	Torrey Pines (North and South courses) Balboa Park (18-hole and 9-hole courses) Mission Bay
<b>City of San Diego lessee-operated golf courses</b>	Carlton Oaks Fairbanks Ranch Country Club Mission Trails Presidio Hills Pro Kids Golf Academy Tecolote Canyon Vineyard

Source: OCA analysis, based on Golf Division information.

Our audit focused on the three municipal golf course facilities operated by the Golf Division.

**Torrey Pines Golf Course** is an award-winning golf course complex atop the coastline bluffs of the Pacific Ocean – home of the Professional Golfers Association (PGA) annual Farmers Insurance Open, and in 2008 and 2021, host of the United States Golf Association (USGA) Open. It features an 18-hole north and 18-hole south course.

**Balboa Park Golf Course** is a historic facility located near downtown. It features an 18-hole championship course and a 9-hole executive course.

**Mission Bay Golf Course** is San Diego’s only night-lighted 18-hole executive golf course and practice facility.

**Golf Division Management** A Deputy Director within the Park and Recreation Department manages the Golf Division. Other senior staff members include an Assistant Deputy Director, two Golf Course Managers, and a Supervising Management Analyst. The Assistant Deputy Director is responsible for maintenance at all three municipal courses, and supervises the majority of Golf Division employees. The two Golf Course Managers split management responsibilities at Torrey Pines. In addition to Torrey Pines, one Golf Course Manager manages Balboa Park, while the other manages Mission Bay. See **Exhibit 2** below for the organizational chart.

*Exhibit 2*

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**Golf Division's Organizational Management Structure**



Source: Golf Division.

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**Golf Division's Business Plan** The City Council approved the Golf Division's current business plan on November 13, 2012. Drafting of the business plan was an effort led by City staff and aided by the Business Plan Update Committee, a volunteer ad hoc committee appointed by the Park and Recreation Department. The City-run golf courses had previously operated under City Council-approved five-year business plans adopted in 2001 and 2006. The primary purpose of the Business Plan is to provide direction for the Golf Division over the next several years. In general, the plan outlines a structure that will allow the Golf Division to successfully operate each of the golf complexes and provide high quality golfing opportunities to the public, while also ensuring that the golf complexes are properly maintained and the Golf Enterprise Fund continues to maintain its long term financial sustainability. **Exhibit 3** describes the key components of the 2012 Business Plan.



**Exhibit 3**

**Key Operational Areas in the 2012 Golf Division Business Plan**

Key Operational Subjects in Business Plan	Description of Key Operational Subjects
<b>Resident Access</b>	Providing resident access to tee times remains high priority.
	At Torrey Pines, annual goal is to provide residents with access to 70 percent of the available tee times.
<b>Marketing Plan</b>	Business Plan calls for development of a Marketing Plan and the hiring of a full-time marketing position.
	In order to compete in this golf market, Golf Division must use current technology to communicate with current and prospective customers to maintain and grow its customer base, ensuring the long-term stability of the Enterprise Fund.
<b>Flexibility</b>	The Business Plan created flexibility as it relates to golf green fee pricing due to the competitive golf environment.
	The Business Plan gives authority to the Park and Recreation Director to decrease or increase prices within specified parameters while following prescribed procedures.

Source: Golf Division Business Plan, Nov. 16, 2012.

**Implementation of the San Diego Grand Jury Recommendations** In May 2009, the San Diego Grand Jury filed their report *San Diego Golf Course Operations under Five Year Business Plan*. This report focused on the increasing green fees at the three City-operated golf complexes because citizens were concerned that local golfers were bearing an unfair financial burden of the golf operations. While there were no findings of any violation of rules or policies and no evidence of mismanagement, three recommendations were provided to the City. **Exhibit 4** below shows the recommendations and their status.

**Exhibit 4**

**Grand Jury Recommendations and Status of Implementation**

Grand Jury Recommendations	Status of Recommendations
The City should make the golf budgets, revenue and expense statements, and related contracts readily available to the public.	<b>Implemented</b> – Incorporated into normal business practice
The City should make the Five-Year Golf Operation Business Plan available at the clubhouses on the three City-operated golf complexes; and	<b>Implemented</b> – Incorporated into normal business practice
The Golf Advisory Council should be reactivated as a liaison between the golfing community and the City.	<b>Implemented</b> – Municipal Golf Committee established

Source: OCA, based on IBA Report 12-36.

**Establishment of the Municipal Golf Committee** The Municipal Golf Committee (MGC) was established by City Ordinance<sup>1</sup> to serve in an advisory capacity to the Park and Recreation Board, Mayor, and City Council on policy issues relating to the acquisition, development, maintenance, and operation of Torrey Pines Golf Course, Balboa Park Golf Course, and Mission Bay Golf Course. This committee consists of eleven members appointed by the Mayor and confirmed by the City Council. Members of the MGC meet on an as-needed basis to discuss golf-related issues and communicate discussions to the Golf Division.

**Golf Enterprise Fund** In FY 1992, the City established the Golf Enterprise Fund by City Ordinance<sup>2</sup> which funds Torrey Pines, Balboa Park, and Mission Bay golf operations. This fund is a separate, interest bearing account established specifically for the City's golf operations. It accounts for revenues and expenses at all three municipal golf properties.

The Golf Enterprise Fund protects the City of San Diego's General Fund from obligations and costs incurred by the City's three municipal golf properties.

**Exhibit 5** below shows the Golf Division's budget and staffing levels for FY 2012 through FY 2015.

*Exhibit 5*

**Golf Division Budget, Golf Enterprise Fund, FY 2012- 2015**

Golf Enterprise Fund	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Adopted
Department Revenue	\$17,699,864	\$18,564,221	\$19,949,901	\$17,540,747
Department Expenditures	\$14,215,390	\$14,672,613	\$15,455,419	\$16,653,723
Operating Income/(Loss)	<b>\$3,484,474</b>	<b>\$3,891,608</b>	<b>\$4,494,482</b>	<b>\$887,024</b>
CIP Expenses	\$1,207,121	\$841,319	\$536,776	\$5,225,000
Total Reserves	\$7,930,515	\$6,536,863	\$6,646,396	\$19,004,102
Full Time Employees	97.05	97.00	98.00	97.00

Note: Total Reserves includes operating reserves and continuing appropriations for CIP.

Source: OCA, based on Golf Division financial information.

<sup>1</sup> Ordinance O-20255.

<sup>2</sup> Ordinance O-17667.

According to the Golf Division Business Plan, the Golf Enterprise Fund remains in good fiscal health, and generates sufficient annual revenues to cover system-wide operations and planned capital improvements. Excess revenue provides the basis for funding ongoing capital needs within the division. The City Council-approved Business Plan provides a six-year capital improvement plan designed to give municipal courses a competitive advantage in the golf market. **Exhibit 8** on page 8 shows examples of current and future capital improvements as described in the Council-approved Business Plan. The City Council approved a written Council Policy for Golf Fund's operating reserve based on the Government Finance Officers Association's best practice of maintaining an operating reserve of a minimum of 45 days or 12 percent of budgeted operating expenses for all fund balances. In addition, per the Chief Financial Officer's recommendation, a contingency reserve should be continuously maintained in the event there is a financial emergency.

Torrey Pines Golf Course complex, the City's best-known golf property, is the only municipal course with positive net operating income. Balboa Park and Mission Bay properties operate at a loss, as shown in **Exhibit 6**. As a result, Torrey Pines Golf complex revenues, in effect, subsidize the rest of the municipal golf system. The General Fund provides no annual subsidy to the Golf Enterprise Fund. The Golf Enterprise Fund is treated much like a lessee – the Enterprise Fund pays the General Fund for use of all of the City's golf facilities. **Exhibit 6** below also provides detailed information regarding the Enterprise Fund by course for FY 2014.

**Exhibit 6**

**Golf Course Enterprise Fund, FY 2014**

Golf Course	Torrey Pines	Balboa Park	Mission Bay	Total
Revenue	\$14,983,953	\$3,078,653	\$1,745,935	\$19,949,901*
Operating Expense	\$8,621,282	\$4,318,802	\$2,515,335	\$15,455,419
Net Operating Income/(Loss)	\$6,362,671	\$(1,240,149)	\$(769,400)	\$4,494,482
Capital Improvement Expenses	\$340,941	\$142,435	\$53,400	\$536,776
Net Income/Loss after Capital Expenses	\$6,021,730	\$(1,382,584)	\$(822,800)	\$3,957,706

\* This includes \$141,360 for interest revenue.

Source: OCA, based on unaudited SAP accounting data prepared by Golf Division.

**Total Rounds Played at Municipal Golf Properties** Golf Division staff believe that the combination of improved course conditions and a rebounding economy since the 2008 recession has resulted in an increase in the number of rounds played at municipal courses. Despite an overall downturn in the national golf course industry, the total number of rounds played at San Diego's three municipal golf properties has increased for the past three years. The Torrey Pines courses met annual rounds targets, and the other courses continued to make progress. **Exhibit 7** below shows the total rounds played at each municipal golf property from FY 2012 through FY 2014, as well as the percentage of annual rounds targets achieved.

*Exhibit 7*

**Total Rounds at Municipal Golf Properties, FY 2012 - FY 2014**

Golf Property	Annual Rounds Target	FY 2012 Rounds (% of Target)	FY 2013 Rounds (% of Target)	FY 2014 Rounds (% of Target)
Torrey Pines North	82,800	78,385 (94.7%)	78,634 (95%)	82,561 (99.7%)
Torrey Pines South	64,000	62,586 (97.8%)	63,600 (99.4%)	65,888 (103%)
Balboa Park 18 Hole	70,000	49,928 (71.3%)	55,251 (78.9%)	59,604 (85.1%)
Balboa Park 9 Hole	78,000	48,768 (62.5%)	47,866 (61.4%)	49,963 (64.1%)
Mission Bay	75,000	48,365 (64.5%)	50,879 (67.8%)	53,118 (70.8%)
<b>Total All Courses</b>	<b>369,800</b>	<b>288,032 (77.9%)</b>	<b>296,230 (80.1%)</b>	<b>311,134 (84.1%)</b>

Source: Golf Division.

**IBA Review of Golf Division Business Operations** In July 2012, the Natural Resources and Culture Committee requested that the Office of the Independent Budget Analyst (IBA) review best practices on the operation of golf courses, review issues brought up in the Grand Jury report, assess the finances of the overall golf system, analyze golf system's assets, and review golf industry metrics.

The IBA determined the Golf Division achieved a majority of the 2006 Business Plan's stated goals. The report highlighted the following achieved goals:

- Incorporating a simplified fee structure;
- Implementing a reservation system that improved customer service and eliminated brokers reselling tee times;

- Maintaining the target allocation of 70 percent of tee times at Torrey Pines for resident golfers (for FY 2011 and FY 2012 tee time allocations were 69 percent for resident golfers, and 31 percent for non-resident golfers); and
- Improving maintenance standards and course conditions at municipal golf facilities (the Golf Division expended approximately \$11.3 million in capital improvements from FY 2007 to FY 2011).

**Capital Improvement Projects** The Golf Division has a list of key capital improvements for each of the facilities for FY 2013 - FY 2018. According to the 2012 Business Plan, capital improvements are key to the overall success of the division because the long-term sustainability of the division will be due in large part to how well each complex can meet customer expectations and fully utilize opportunities. Therefore, a structured and well-planned capital improvements program plays a key role in meeting these future expectations. **Exhibit 8** below provides selected examples of significant capital improvement projects (CIP) and the total estimated cost of all current and planned CIP at municipal golf properties.

*Exhibit 8*

**Golf Division Capital Improvement Projects**

Golf Property	Examples of Completed and Planned CIP	Estimated Cost of All CIP*
Torrey Pines	Redesign and renovation of the North Course	\$13,468,641
	Upgrade on-course restrooms	
	Upgrade the maintenance building	
	Upgrade irrigation systems	
Balboa Park	Renovations and/or additions to the clubhouse	\$17,685,216
	New cart paths	
	New course drainage systems	
Mission Bay	New clubhouse	\$9,805,219
	Expansion of the driving range and practice area	
	Upgrade course irrigation systems	
	Upgrade course lighting systems	

\* Based on budgeted and projected costs for FY 2013 - FY 2018.

Source: Golf Division Business Plan, Nov. 16, 2012.

# Audit Results

## *Finding 1: Opportunities Exist to Improve the Efficiency of Business Operations*

The Golf Division can improve the efficiency of key business operations by modernizing point-of-sale and online reservation systems, and enhancing internal controls related to cash handling. Golf Division currently lags behind regional and national golf competitors by not offering online reservation services for its customers, and requiring customers to make multiple payment transactions for services at municipal courses. In an effort to increase its competitiveness in the San Diego regional golf market, the Golf Division has initiated projects aimed at improving information systems and improving the customer experience for golfers visiting San Diego municipal golf courses. Furthermore, our evaluation of the Golf Division's cash handling operations identified some areas for improvement in cash handling processes and policies for municipal courses.

### **Manual Credit Card Processing Increases the Likelihood of Cashier Errors**

In December 2013, the Golf Division changed its credit card payment procedures to require golf starters to input billing information twice for each credit card transaction. Prior to December 2013, customer credit card information and authentication data was processed and stored in the division's Fairway point-of-sale and reservation system. All Golf Division employees with Fairway System access could view credit card information reports showing a masked version of credit card numbers.

The Golf Division changed credit card processing requirements based on November 2013 revisions to the Payment Card Industry (PCI) Security Standards Council's<sup>3</sup> *Data Security Standard* guidelines, which enhanced protections for cardholder data. In order to comply with PCI standards, the Golf Division amended credit card processing procedures to require golf starters to take two separate steps when accepting customer credit card payments. First, golf starters input sale information, such as the type of round and whether the customer is a resident golfer into Fairway's point-of-sale component.

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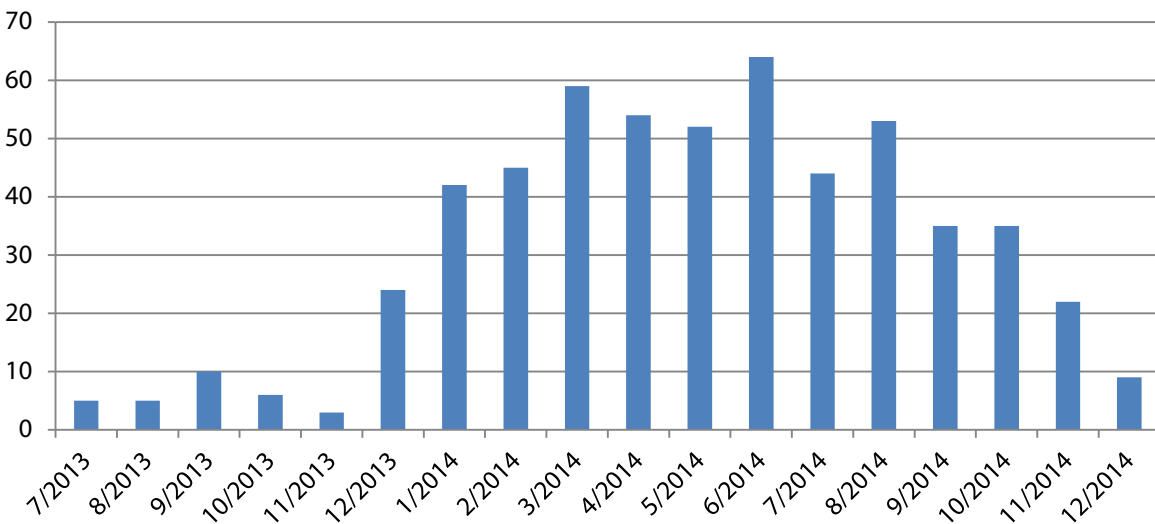
<sup>3</sup> The PCI Security Standards Council, launched in 2006, is an open global forum that is responsible for the development, management, education, and awareness of the PCI Security Standards, including the *Data Security Standard* (PCI DSS), *Payment Application Data Security Standard* (PA-DSS), and *PIN Transaction Security* (PTS) requirements.

After the Fairway system generates the amount due based on sale information, golf starters then swipe the customer's credit card using a separate credit card processing machine, and manually enter the billing amount reflected by Fairway.

The dual entry of customer credit card sale information into Fairway and the separate credit card processing machine allows the Golf Division to remain compliant with PCI standards by removing the storage of credit card data from Fairway, and thereby limiting access to sensitive cardholder data. However, Golf Division managers reported that the new credit card processing system resulted in an increase of credit card processing errors due to its reliance on starters manually entering amounts charged to customers. One golf starter assigned to Torrey Pines explained that the likelihood of making an error increases during high customer volume periods because the golf starters must simultaneously accept payment and ensure golfers are teeing off on time. **Exhibit 9** below shows the increase in the number of out of balance deposits the Golf Division made to the City Treasurer. As the exhibit shows, out of balance deposits increased from three in November 2013 (one month prior revising card processing requirements) to a high of 64 in June 2014. However, it is important to note that the net value of the out of balance deposits is relatively small: about \$3,000 net for the 12-month period.

**Exhibit 9**

**Number of Out of Balance Golf Division Deposits to City Treasurer, July 2013 to December 11, 2014**



Source: Office of the City Treasurer.

Golf Course Managers reconcile the daily "end of day closing" of customer cash and credit card payment information on the following day or the supervisor's next working day with the billing information maintained in Fairway. According to Golf Division management, staff will attempt to contact customers subject to a billing error in order to collect or refund the appropriate amount. However, the Golf Division does not always collect contact information from non-resident golfers playing golf at municipal courses.

**Golf Courses Require Multiple Customer Payment Transactions**

While the Golf Division manages tee time and maintenance operations for San Diego's three municipal golf properties, private lessees under contract with the City manage golf pro shops and merchandising, driving range operations, golf cart rental, and food and beverage services.<sup>5</sup> Exhibit 10 below shows the responsibilities of private lessees at municipal golf properties.

*Exhibit 10*

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**Lessee Areas of Operation at City-Operated Golf Courses**

Golf Property	Lessee Operations
<b>Torrey Pines Golf Course</b>	Golf pro shop and merchandise
	Golf cart rental
	Driving range
	Food and beverage services
	Golf bag drop service
<b>Balboa Park Golf Course</b>	Golf pro shop and merchandise
	Golf cart rental
	Driving range
	Food and beverage services
<b>Mission Bay Golf Course</b>	Food and beverage services

Source: OCA, based on interviews and READ lease agreements.

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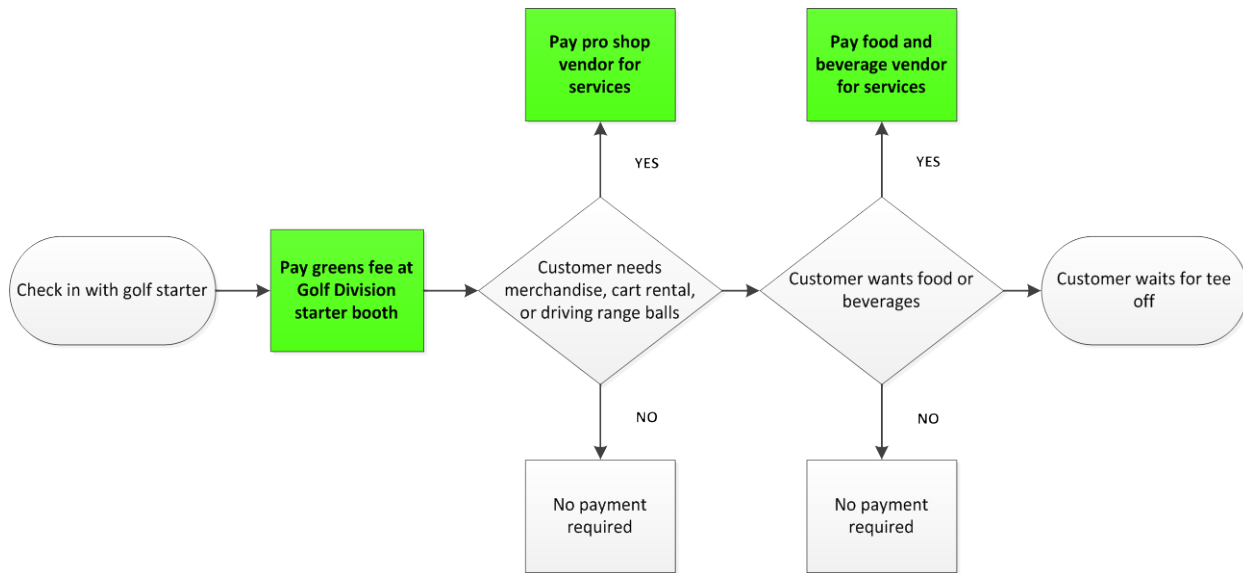
<sup>5</sup> The one exception to this arrangement is Mission Bay, where the Golf Division manages all operations except for food and beverage services.



Both the Golf Division and golf course lessees maintain independent point-of-sale systems, which require customers to make multiple purchases for golf course services during their golf experience. At Torrey Pines Golf Course and Balboa Park Golf Course, separate lessees provide golf shop services and food and beverage services. As a result, customers will pay up to three different parties during one round of golf. **Exhibit 11** outlines possible points-of-sale for customers playing at Torrey Pines Golf Course and Balboa Park Golf Course.

**Exhibit 11**

**Customer Transaction Points at City Golf Courses**



Note: The one exception to this transaction process is Mission Bay, where the Golf Division manages all operations except for food and beverage services.

Source: OCA, based on observation of Torrey Pines and Balboa Park Golf Course operations.

Representatives from the pro shop lessee at Torrey Pines Golf Course, who recently won the contract to assume pro shop management at Balboa Park Golf Course, support the integration of the Golf Division point-of-sale system and the pro shop lessee point-of-sale system to allow customers to pay for golf rounds, merchandise, and cart rental with one purchase. Golf Division management is exploring the possibility of implementing a point-of-sale system that allows golfers to pay for greens fees and pro shop items with one financial transaction. However, two key issues could complicate any future integration of point-of-sale systems. First, Golf Division management

indicated that the division would want to maintain sole control over tee time schedules following the integration of point-of-sale systems. Furthermore, questions remain as to whether pro shop lessees should collect greens fees in lieu of City golf starters.

**The Golf Division Does Not Offer an Online Reservation Service to Customers**

Unlike most of the City's golf course competitors, the Golf Division does not currently provide an online reservation service for Torrey Pines, Balboa Park, and Mission Bay golf course customers. Advanced reservations for San Diego's municipal golf courses are made via the Golf Division's interactive voice response system, which is an automated phone reservation service. The Golf Division is concerned about the usability and reliability of the phone system. Additionally, the phone registration system requires much more of the customer's time to book a tee time, compared to an online system. For example, based on our observation it took 4 minutes and 35 seconds to make a phone tee time at Balboa Golf Course, while it took only 1 minute and 25 seconds to make an online tee time at a local competitor's golf course.

According to a 2012 study by the National Golf Foundation on golfers' technology habits, 59 percent of golfers reserve tee times directly from a golf course's website. Based on the utilization of web-based technologies by golfers, the lack of an online reservation service puts Golf Division properties at a competitive disadvantage against regional and national competitors. Of the regional courses the Golf Division benchmarks Torrey Pines, Balboa Park, and Mission Bay golf courses against, only one does not offer an online reservation capability. **Appendix C** provides a list of direct competitors utilizing online reservation systems.

**The Golf Division Is Taking Steps to Modernize its Point-of-Sale and Reservation Systems**

Although the need for an online reservation system was identified in the 2012 Business Plan, the Golf Division is now in the process of acquiring a new point-of-sale system which would reintegrate credit card processing and support online reservation services. The City's Information Technology Business Leadership Group, which is an interdepartmental governance committee that reviews, prioritizes, and approves the City's information technology investments, approved the Golf Division's business case concept for a new point-of-sale system in January 2015.

The Golf Division is currently working with the City's Purchasing and Contracting Department to develop the functional and technical requirements for the proposed point-of-sale system. Based on the Golf Division's draft business requirements for the point-of-sale

system, the information technology solution, when delivered by the selected vendor, should improve the division's current point-of-sale and tee time reservation operations. The Golf Division's draft technical and functional requirements for the proposed system require the vendor to deliver the following key solutions:

- Capability for online reservation and payment;
- Integration of computer and cash register functions; and
- Integration of credit card processing with the point-of-sale function.

The Golf Division has established a timeline for the point-of-sale acquisition project, with the goal of fully integrating the new system by September 2015.

**Recommendation #1** The Golf Division should finalize the functional and technical requirements for the reservation and point-of-sale system and prioritize the acquisition and implementation of the system. The system should include the following capabilities:

- Integration of credit card processing;
- Integration of the Golf Division's and pro shop lessee's point-of-sale systems; and
- Online tee time reservations. (Priority 2)

**The Golf Division Should Enhance Cash Handling Controls**

We reviewed and observed cash handling practices in place at the three municipal golf courses. Our observations included cash counts, register reconciliation processes, credit card processing, and transaction reviews. In addition, we interviewed staff involved in the cash handling process at the three locations. Based on our observations, the Golf Division can address the following weaknesses to ensure stronger internal controls are in place:

- Insufficient controls related to voiding customer transactions;
- Threshold for reporting cash discrepancies is inconsistent with City cash handling policy; and
- Lack of automated range ball machine at Mission Bay increases skimming risk.

Notwithstanding the areas for improvement identified above, the Golf Division should be recognized for their efforts to ensure proper cash handling controls at Torrey Pines, Balboa Park, and Mission Bay golf courses. For example, the Golf Division updated its safes; implemented a new point-of-sale closing procedure; and implemented a two-drawer cash register system to ensure stronger

controls are in place to prevent misuse of funds. These cash handling control enhancements are additive to existing Citywide cash handling policies. In addition, the Golf Division issued additional guidance on processing credit card transactions.

*Insufficient Controls Related to Voiding Customer Transactions*

Based on our observations and interviews with Golf Division staff, we noted that Golf Starters can void transactions without approval from a supervisor. The employee voiding the transaction manually records the entry on a refund/void log sheet which should be reviewed by a golf supervisor on a daily basis according to the *Golf Division Procedures for Processing Customer Credit Card Payment Transactions*. Based on our observation, not all voided transactions are approved or reviewed by Golf Supervisors. Several Golf Supervisors expressed concerns over the process for voiding transactions. Although we did not observe any instances of skimming during our review, supervisors mentioned that it would be easy for a starter to void transactions and skim the cash if the supervisors are not approving the voids and not scrutinizing the void log sheet. Additionally, the Golf Division does not systematically track and periodically analyze voided transactions. Adequate tracking and analysis of voided transactions would better enable the Golf Division to identify patterns and correct problems at each of the courses.

To the maximum extent possible, supervisors should approve voids at the time of the transaction. However, we recognize that this may not always be possible, especially during peak customer times or when the supervisor is not on site. At a minimum, all voids should be approved and reviewed by a supervisor at the end of each day. When voided transactions are not reviewed on a daily basis as stated in the *Golf Division Procedures for Processing Customer Credit Card Payment Transactions*, funds are at a greater risk of being lost, stolen, or diverted for personal use.

**Recommendation #2** The Golf Division should enhance internal controls by tracking and systematically analyzing voided transactions. In addition, the Golf Division should ensure that a golf supervisor approve all voided transactions. (Priority 2)

*Threshold for Reporting Cash Discrepancies Is Inconsistent with City Cash Handling Policy* During the course of our audit, the Golf Division implemented a process to track cash discrepancies by a golf starter on a monthly basis in order to track trends and identify potential problems. According to Golf Division staff, only discrepancies exceeding \$400 are to be reported to the Deputy Director at the time of occurrence. This departmental guidance conflicts with Citywide policy. The *City of San Diego Cash Handling Training Manual* indicates that all cash shortages and/or losses exceeding \$100 should be reported to the Department Director. A report should also be filed with the San Diego Police Department according to the procedures contained in Administrative Regulation 45.80 - *Management of Loss to City Property Due to Crimes or Negligence*.

Without having discrepancies over \$100 reported to the Deputy Director, there is an increased risk for misuse of funds going unnoticed.

**Recommendation #3 The Golf Division should revise its cash discrepancy reporting policy to be consistent with the *City of San Diego Cash Handling Training Manual*. (Priority 2)**

*Lack of Automated Range Ball Machine at Mission Bay Increases Skimming Risk* Because Mission Bay Golf Course does not have an automated range ball machine, it is difficult for management to monitor and verify that the revenue collected is accounted for appropriately. Because range balls are manually dispensed by golf starters at Mission Bay, the City is exposed to a risk of cash skimming, as described below.

Mission Bay Golf Course is the only municipal golf property where the Golf Division manages the driving range. Both Torrey Pines and Balboa Park have lessees that manage the driving ranges at those properties. However, customers at Mission Bay Golf Course purchase buckets of range balls directly from golf starters to use at the driving range. Golf starters manually fill the buckets and collect payment. During our observation at Mission Bay, we noticed that the majority of the customers paid for buckets using cash. Importantly, about one quarter of Mission Bay's revenue is derived from range ball purchases. For example, in FY 2014, revenue from range ball sales totaled \$424,318 or 24 percent of total revenue for that year, of which \$255,560 was paid in cash.

Currently, there are limited controls in place to deter an employee from:

- Not providing the customer the correct bucket size;
- Not charging the customer for the range balls provided; or

- Charging the customer without processing a transaction at the register, and pocketing the cash fee paid.

Torrey Pines Golf Course complex has an automated range ball machine that is managed by Torrey Pines Club Corporation. The lack of an automated range ball machine at Mission Bay increases the skimming risk. Skimming is the removal of cash from an entity prior to its entry in an accounting system. According to the 2014 US Fraud Examiners Manual, employees who skim from their companies steal sales or receivables before they are recorded in the company books. Because the stolen funds are never recorded, the organization might not be aware that the cash was never received. Consequently, it can be difficult to detect that the money has been stolen. The most basic skimming scheme occurs when an employee sells goods or services to a customer and collects the customer's payment, but makes no record of the sale.

The Golf Division should consider purchasing an automated range ball machine such as the one used by the pro shop lessee at Torrey Pines to allow better control of range balls as well as to enhance customer service. In addition, a range ball machine at Mission Bay could enhance the customer experience by reducing wait time for purchasing buckets. Several starters at Mission Bay mentioned that there are many times that customers go to the driving range during their lunch hour and other peak times to use the range, but routinely have to wait in line in order to receive a bucket.

Based on information provided by the Torrey Pines Club Corporation, the high-end, double capacity range machine at Torrey Pines costs approximately \$14,000. Smaller capacity models can cost approximately \$5,000. However, given that an automated range ball dispenser would improve accuracy of revenue calculations, reduce skimming risks, and improve the customer experience, the added benefits outweigh the costs in our view.

**Recommendation #4 Pursuant to available funding, the Golf Division should identify funding for and acquire an automated range ball machine for Mission Bay Golf Course to enhance internal controls related to the collection of range ball fees. (Priority 2)**

## ***Finding 2: The Golf Division Can Enhance the Marketing of Municipal Golf Course Assets***

National trends indicate a decline in golf participation rates since 2006, and the decline has been compounded by the recession which began in 2008. In 2013, the estimated total number of U.S. golfers was 24.7 million, down from an estimated 25.3 million in 2012. Over the same period, the number of rounds played nationally decreased by 4.9 percent. The Golf Division Business Plan acknowledges that demand in the San Diego golf market since 2006 has declined, which has forced golf courses to place an emphasis on creative marketing techniques.

The 2012 Golf Division Business Plan identifies the need for comprehensive marketing efforts in order to promote its properties. However, the Golf Division's current efforts to market municipal golf course assets are limited to periodic specials and promotions, and media coverage of Torrey Pines and Balboa Park golf properties. Multiple factors are hindering the Golf Division's ability to market its properties. The organization has neither an established marketing strategy nor dedicated marketing employees to administer such a strategy. As a result, opportunities exist to improve the Golf Division's ability to offer specials and promotions in response to market conditions, increase communication with its golf customers, improve media outreach and advertising activities, and improve golf course web pages.

### **The Golf Division Business Plan Identifies Need for Enhanced Marketing Efforts**

In response to market trends, the Golf Division Business Plan provides the division with a general marketing framework for promoting golf course properties and maintaining or improving the division's position in San Diego's golf market. However, the division has only partially implemented the Golf Division Business Plan marketing strategies as discussed further below. The Golf Division management reported that the absence of a full time marketing professional within the Golf Division has hindered efforts to fully implement business plan marketing strategies.

The following are key marketing and business development strategies outlined in the business plan:

- Development of a formal marketing plan;
- Hiring of a full-time marketing employee to implement and administer marketing plan strategies;

- Adjustment of fees to increase course utilization during periods of low demand;
- Adjustment of fees during sub optimal course conditions;
- Utilization of media coverage to announce renovations and improvements;
- Development and utilization of a usable customer database;
- Increased communication with customers via email and periodic newsletters; and
- A redesign of the Torrey Pines web page to provide distinct sections for residents and non-residents.

**The Golf Division Lacks a Formal Marketing Plan and Dedicated Marketing Staff**

The Golf Division has not yet developed a comprehensive marketing plan. According to Golf Division management, the organization does not have sufficient staffing resources to develop the plan. The Park and Recreation Department's adopted FY 2014 budget allocated funds for the addition of a Senior Public Information Officer (PIO) to the Golf Division. This Senior PIO was intended to serve as the division's dedicated marketing professional responsible for executing golf course marketing activities. However, in FY 2015, the City consolidated most communications-related functions, including Senior PIOs, into the newly established Communications Department.<sup>10</sup> As a result, the Golf Division has delayed filling the vacant position.

The Golf Division and Communications Department management teams are currently reviewing options to provide marketing support to the Golf Division. According to the Golf Division, options being considered include:

- Using a Communications Department Senior PIO to provide marketing support to the Golf Division;
- Using a combination of the Communications Department and the Park and Recreation Department staff to execute marketing efforts; or

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<sup>10</sup> Communications is a new department for Fiscal Year 2015. This new entity consolidates most of the City's existing communications-related functions into one department.



- Returning the Communications Department Senior PIO position to the Golf Division budget, and reclassifying and downgrading to a Golf Starter Supervisor position. With the money saved by reducing the salary expenditure, the division could then hire outside marketing firms to assist with individual marketing campaigns. The Golf Starter Supervisor would be responsible for managing day-to-day communication and other marketing efforts.

As part of our audit, we interviewed two marketing professionals with experience in marketing public and private sector programs. Both subject matter experts believe the Golf Division could benefit from hiring an outside marketing firm to develop its initial marketing and branding framework. Available Golf Division employees could implement elements of the marketing strategy until a full-time marketing professional joins the division. An initial framework could include the following strategies for marketing municipal golf properties, among others:

- Rebranding Balboa Park and Mission Bay golf properties;
- Increasing Golf Division participation in tourism industry events and trade shows;
- Reaching out to San Diego hotels and offering incentives for their guests; and
- Advertising specials via print and internet-based platforms.

**The Golf Division Could Better Respond to Golf Market Conditions When Offering Specials**

The 2012 Golf Division Business Plan authorizes the Park and Recreation Department to reduce golf fees in order to promote increased use of City golf courses. The Golf Division periodically offers specials for reduced rates at municipal golf properties. However, the division does not have an established process for analyzing market trends and responding to those trends with specials or promotions.

According to the Golf Division, specials and promotions aimed at increasing golf rounds during periods of low demand are implemented on an as-needed basis. In addition to golf specials run in response to low demand, the Golf Division reduces greens fees when course conditions are sub-optimal. The division reduces non-resident rates between 10 and 20 percent at all three municipal golf properties twice per year during scheduled course maintenance. However, the Golf Division does not utilize yield management techniques, which involve adjusting the price of a product in response to market factors like demand and competition. As a result,

from 2012 through 2014, the Golf Division ran only four specials. The division intends for the dedicated marketing professional, when hired, to implement yield management tools and increase the Golf Division's ability to activate promotions and specials in response to golf course and market conditions.

The Golf Division should also take steps to integrate the promotion of future specials into marketing or advertising activities. Absent established marketing strategies or employees assigned to marketing activities, the Golf Division is currently unable to widely circulate or promote implemented specials. For example, the primary means of advertising specials is by posting flyers at Golf Division facilities. As a result, customers learn of the specials after they have already made the decision to play at the course. Without advertising specials to a wider audience, it remains unclear as to whether the specials are attracting new or additional customers.

**Opportunities Exist to Increase Media Outreach and Advertising Activities**

The Golf Division reported success in its efforts to promote golf properties at no cost via print and television media outlets. The Golf Division has successfully coordinated with several television and print media organizations to promote its golf properties. However, most of the media coverage provided to us by the Golf Division focused on Torrey Pines, which is the property least in need of marketing. Examples of media sources that have showcased either Torrey Pines or Balboa Park golf properties include:

- National network coverage of the Farmers Insurance Open at Torrey Pines Golf Course;
- Golf Resorts International (a travel show televised on a national network);
- The San Diego Union Tribune;
- Japan Airlines in-flight magazines;
- Southland Golf Magazine;
- Golf Getaways Magazine; and
- Fore Magazine.

The City also advertises Torrey Pines, Balboa Park, and Mission Bay golf properties in two national 30 second advertising spots aired during the annual Farmers Insurance Open. The Century Club of San Diego, which hosts the annual PGA event at Torrey Pines Golf complex, provides the advertising spots to the City as a payment in kind for costs incurred by the City for hosting the event. For the 2015 tournament, the value of the two advertising spots is estimated to be about \$350,000.

Most media coverage of San Diego's municipal golf properties centers on the Golf Division's flagship property, Torrey Pines Golf Course, with only some coverage of Balboa Park Golf Course. The Golf Division should increase efforts to promote Balboa Park and Mission Bay courses via local media organizations in order to increase awareness of the courses and announce improvements to the properties.

In addition to promoting golf courses via media outlets as a means to advertise these courses at no cost, the Golf Division, subject to available funds, should consider paid advertising opportunities. According to the National Golf Course Owners Association, golf course operators report success advertising over mediums such as local newspapers, direct mail campaigns, radio, cable television, and the internet.

**The Golf Division Does Not Have a Customer Database to Facilitate Outreach Activities**

A customer database would facilitate communication with customers and improve marketing management capabilities. Currently, the Golf Division has not developed a usable customer database as identified in the 2012 Golf Division Business Plan. However, the Golf Division's draft technical requirements for the new point-of-sale information system will require the information technology solution to provide customer database management and direct email communications capabilities. The Golf Division also intends for the dedicated marketing employee, when hired, to manage and utilize the database in order to increase communications with golf customers.

**The Golf Division Has Not Initiated a Redesign of the Torrey Pines Web Page**

The Golf Division has not initiated a redesign of the Torrey Pines Golf Course web page, and intends for the dedicated marketing professional, when hired, to lead the redesign effort. The division plans for the new web page to provide distinct resident and non-resident sections to ensure customers can easily access information and policies.

**Recommendation #5**

**By retaining an external vendor, internal expertise, or a combination of both, the Golf Division should develop and execute a comprehensive marketing and business development strategy that includes tactics for the following:**

- **Specials and promotions;**
  - **Media outreach;**
  - **Customer database development;**
  - **Customer communication and outreach; and**
  - **An enhanced web presence for Golf Division properties.**
- (Priority 2)**

# Conclusion

The City of San Diego's (City's) Golf Division defines its mission as "serving its patrons and players of all ages and abilities while enhancing their enjoyment of the game by providing a high quality golf experience." To that end, the division has made a number of improvements to the golf course complexes that comprise the City's municipal golf system. Nevertheless, additional opportunities exist to improve the efficiency of the Golf Division's business operations, and enhance the marketing of the City's municipal golf assets. Implementing the audit recommendations set forth in this report will help the Golf Division remain competitive in an increasingly challenging local and regional market.

First, technology solutions are necessary to improve the Golf Division's current credit card transaction processes. In addition to reducing the likelihood of transaction errors, a single point-of-sale system will improve the customers' experience at the City-operated courses. Furthermore, the Golf Division needs to offer the convenience and added benefit of an online reservation system – a golf industry standard – to improve customer service and maximize golf course usage rates. Additionally, taking steps to enhance cash handling policies and practices at the City-operated golf complexes will strengthen the internal control environment over City funds.

The Golf Division also needs to undertake various efforts to enhance the marketing of City-operated courses. While rounds at the Torrey Pines Golf Course complex are and will likely remain in high demand, additional marketing of all City-operated golf properties would benefit the demand for rounds at the municipal golf system as a whole. As noted in this report, a comprehensive marketing strategy is necessary for the Golf Division to improve the competitiveness of municipal golf complexes. In order to develop and execute this strategy, the Golf Division needs to retain the expertise of internal or external marketing professionals.

# Recommendations

- Recommendation #1** The Golf Division should finalize the functional and technical requirements for the reservation and point-of-sale system and prioritize the acquisition and implementation of the system. The system should include the following capabilities:
- Integration of credit card processing;
  - Integration of the Golf Division's and pro shop lessee's point-of-sale systems; and
  - Online tee time reservations. (Priority 2)
- Recommendation #2** The Golf Division should enhance internal controls by tracking and systematically analyzing voided transactions. In addition, the Golf Division should ensure that a golf supervisor approve all voided transactions. (Priority 2)
- Recommendation #3** The Golf Division should revise its cash discrepancy reporting policy to be consistent with the *City of San Diego Cash Handling Training Manual*. (Priority 2)
- Recommendation #4** Pursuant to available funding, the Golf Division should identify funding for and acquire an automated range ball machine for Mission Bay Golf Course to enhance internal controls related to the collection of range ball fees. (Priority 2)
- Recommendation #5** By retaining an external vendor, internal expertise, or a combination of both, the Golf Division should develop and execute a comprehensive marketing and business development strategy that includes tactics for the following:
- Specials and promotions;
  - Media outreach;
  - Customer database development;
  - Customer communication and outreach; and
  - An enhanced web presence for Golf Division properties. (Priority 2)

# Appendix A: Definition of Audit Recommendation Priorities

## DEFINITIONS OF PRIORITY 1, 2, AND 3 AUDIT RECOMMENDATIONS

The Office of the City Auditor maintains a priority classification scheme for audit recommendations based on the importance of each recommendation to the City, as described in the table below. While the City Auditor is responsible for providing a priority classification for recommendations, it is the City Administration's responsibility to establish a target date to implement each recommendation taking into considerations its priority. The City Auditor requests that target dates be included in the Administration's official response to the audit findings and recommendations

Priority Class <sup>12</sup>	Description
1	Fraud or serious violations are being committed. Significant fiscal and/or equivalent non-fiscal losses are occurring. Costly and/or detrimental operational inefficiencies are taking place. A significant internal control weakness has been identified.
2	The potential for incurring significant fiscal and/or equivalent non-fiscal losses exists. The potential for costly and/or detrimental operational inefficiencies exists. The potential for strengthening or improving internal controls.
3	Operation or administrative process will be improved.

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<sup>12</sup>The City Auditor is responsible for assigning audit recommendation priority class numbers. A recommendation which clearly fits the description for more than one priority class shall be assigned the higher number.

# Appendix B: Audit Objectives, Scope, and Methodology

**Objectives** In accordance with the City Auditor's FY 2015 Work Plan, we conducted a performance audit of the Park and Recreation Department's Golf Division. Our audit focused primarily on the period from FY 2012 to FY 2015, with an emphasis on current operations. The objective of this audit was to review golf operations for the three City-run municipal golf course complexes (Torrey Pines, Balboa Park, and Mission Bay) to determine whether opportunities to improve operational efficiencies exist. To achieve this objective, we:

1. Evaluated the processes by which customers reserve tee times for rounds of golf;
2. Assessed opportunities to streamline operations and improve customer service at municipal courses;
3. Reviewed general processes and internal controls related to cash handling; and
4. Evaluated the Golf Division's marketing of municipal golf courses.

**Scope and Methodology** To assess the Golf Division's reservation system, we evaluated tee time reservation processes for the City's municipal golf courses. In addition, we reviewed the Golf Division's progress in modernizing its tee time reservation system. To assess the quality of customer services for golfers, we conducted site visits of all three municipal courses and observed the steps required of customers during a round of golf. Our assessment of customer services included reviewing the results of the golf customer survey issued by the Golf Division in 2013.

To assess opportunities to streamline operations and improve customer service at municipal courses, we interviewed City staff and private lessees to assess their responsibilities and determine whether the division of responsibilities was appropriate and efficient. In addition, we spoke with Golf Division staff and golf course lessees to assess whether the division of responsibilities adversely affected customers' golf experience.

To assess cash handling risks at municipal golf courses, we reviewed the cash handling policies and procedures for the City of San Diego, as well as for the Golf Division. We also reviewed the Association of Certified Fraud Examiners 2014 US Fraud Manual to identify best practice for cash handling controls. In addition to our review of Golf Division cash handling procedures, we conducted interviews with the Golf Division, performed staff unannounced observations of end of shift cash counts at each municipal course, and evaluated the adequacy of cash handling controls in place to detect and prevent fraud.

Finally, to evaluate Golf Division marketing practices, we reviewed the division's progress in administering its marketing strategy, as set forth in the City Council-approved 2012 Golf Division Business Plan. In addition, we benchmarked against other municipal and public courses and reviewed criteria to identify best practices for marketing municipal and other golf courses. We also consulted with marketing specialists and identified possible strategies to improve the City's marketing of municipal golf courses to potential customers.

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on the audit objectives.



## Appendix C: Direct Competitors Utilizing Online Tee Time Reservation Systems

Balboa Park Golf Course Competitors	
Golf Course	Online Reservations?
Balboa Park	No
Coronado Golf Club	Yes
Chula Vista Golf Club	Yes
Cottonwood Golf Club	Yes
Mission Trails Golf Club	Yes
Mission Bay Golf Course Competitors	
Golf Course	Online Reservations?
Mission Bay	No
Tecolote Canyon Golf Course	Yes
Oaks North Golf Course	Yes
Lomas Santa Fe Golf Course	Yes
Loma Club Golf Course (Formerly Sail Ho Golf Course)	Yes
Torrey Pines Golf Course - South Course	
Golf Course	Online Reservations?
Torrey Pines South	No
Aviara Golf Club	Yes
Barona Creek Golf Club	No
Omni La Costa Golf Course	Yes
Pelican Hill Golf Club	Yes
Torrey Pines Golf Course - North Course	
Golf Course	Online Reservations?
Torrey Pines North	No
Arroyo Trabuco Golf Club	Yes
Encinitas Ranch Golf Course	Yes
Maderas Golf Club	Yes
Riverwalk Golf Course	Yes
The Crossings Golf Course	Yes

Source: OCA, based on publicly available information of direct competitors identified in the 2012 Golf Division Business Plan.



THE CITY OF SAN DIEGO

M E M O R A N D U M

DATE: February 5, 2015

TO: Eduardo Luna, City Auditor

FROM: Herman D. Parker, Park and Recreation Department Director

SUBJECT: Management Response to Performance Audit of the Park and Recreation Department's Golf Division

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Park and Recreation management has reviewed the Performance Audit of the Golf Division. The following is management's response to each of the audit recommendations.

**Recommendation 1:** Golf Division should finalize the functional and technical requirements for the reservation and point of sale system and prioritize the acquisition and implementation of the system. The system should include the following capabilities:

- Integration of credit card processing;
- Integration of Golf Division's and pro shop lessee's point-of-sale systems; and
- Online tee time reservations. (Priority 2)

**Management Response: Agree**

Management agrees with the recommendation and continues the process to procure a replacement golf tee-time reservation and point of sale (POS) system that will include the three recommended capabilities.

An enhanced payment processing internal control procedures will be developed as part of the system implementation. The Department of Information Technology, the Office of the City Treasurer and Purchasing and Contracting Department staff will continue to provide advice in their areas of expertise for this system procurement and implementation.

The replacement system with enhanced capabilities is targeted to be fully implemented by September 2015.

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**Recommendation 2:** Golf Division should enhance internal controls by tracking and systematically analyzing voided transactions. In addition, Golf Division should ensure that a golf supervisor approves all voided transactions. (Priority 2)

**Management Response: Agree**

Management agrees with the recommendation and will activate additional void transaction internal control features in the current golf tee-time reservation and point of sale system (Fairway); and develop enhanced written procedures for tracking and documenting void transactions.

A payment transaction void is a reversal of a customer payment transaction on the same day before the “end of day closing.”

A Golf Operations supervisor, if available at the time of a void transaction, will review and approve as appropriate the void transaction immediately. If a supervisor is not available, the golf staff working on the POS system at the counter will process the customer void transaction. Subsequently, the supervisor will review and approve all void transactions when processing the “end of day closing” receipts and documents.

Staff will work with the City Comptroller's Office to obtain assistance in the review of these changes for appropriate internal controls as well as development of process narrative(s). It is anticipated that implementation of this recommendation will be completed by June 2015.

**Recommendation 3:** Golf Division should revise its cash discrepancy reporting policy to be consistent with the City of San Diego Cash Handling Training Manual. (Priority 2)

**Management Response: Agree**

Management agrees with the recommendation and will incorporate in written procedures to include that staff are to notify the Golf Division Deputy Director immediately should there be any occurrence of a cash shortage or loss that exceeds \$100. Additionally, should it be determined that negligence might have been involved in a shortage or loss of more than \$100, the Golf Division's practice will continue to be to notify the Police Department in such instances in accordance with A.R. 45.80 –Management of Loss to City Property.

This change will be written into the training that is used for Golf Operations cash handling procedures; and employees will be trained in the new procedures by June 2015.

**Recommendation 4:** Pursuant to available funding, the Golf Division should identify funding for and acquire an automated range ball machine for Mission Bay Golf Course to enhance internal controls related to the collection of range ball fees.

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**Management Response: Agree**

Management agrees with the recommendation and will procure an automated golf driving range ball machine that will provide enhanced internal controls for tracking customer payments made to purchase buckets of driving range balls. A budget request of \$17,000 is planned to be requested in the Proposed FY 2016 Annual Budget.

The range ball machine will allow the supervisors at Mission Bay Golf Course to track and compare the number of buckets of balls issued from the range ball machine to the amount of bucket of ball fee payments entered in the golf POS system.

This change will be completed and the range ball machine operational by September 2015.

**Recommendation #5:** By retaining an external vendor, internal expertise, or a combination of both, Golf Division should develop and execute a comprehensive marketing and business development strategy that includes tactics for the following:

- Specials and promotions;
- Media outreach;
- Customer database development;
- Customer communication and outreach; and
- An enhanced web presence for Golf Division properties. (Priority 2)

**Management Response: Agree**

Management agrees with the recommendation. Park and Recreation and Communication Department managers will develop a plan to best support the marketing needs of Golf Division and implement the plan.

Development of a marketing and business plan strategy including the tactics listed in the recommendation will be completed by July 2015. Implementation will commence on all or most of the marketing and business tactics by January 2016.

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February 5, 2015

Park and Recreation will complete all work outputs and products by the dates stated in each of the responses. The Office of the City Auditor will be notified and provided information that supports Park and Recreation's completion of the objectives as they are completed.



Herman D. Parker

Park and Recreation Director

MM/ab

cc: Scott Chadwick, Chief Operating Officer  
Stacey LoMedico, Assistant Chief Operating Officer  
David, Graham, Deputy Chief Operating Officer  
Mark Marney, Golf Division Deputy Director, Park and Recreation