



CITY AUDITOR'S OFFICE

TO: Mayor and Council Members
THRU: Margaret L. Krym, City Auditor *MLK*
FROM: Kathy Magaw, Assistant City Auditor *CM*
DATE: January 4, 2012
SUBJECT: Audit Hotline – Alleged Theft at Coral Oaks Golf Course

On July 26, 2011, the City Auditor's Office received a call through the Audit Hotline alleging theft was occurring at Coral Oaks Golf Course. The caller was anonymous and was not willing to go on record with his claim.

The caller stated that each day when the Pro Shop closed, golfers were supposed to go to Knickers Pub (the restaurant) to pay for their green fees. Once the golfers had paid the required fee, the golfers were then to go to the cart barn to pick-up their golf cart to play on the course. The caller alleged that golfers were going directly to the cart barn and paying the required fees to the cart barn attendees, and stated the cart barn attendees would put the money in their pockets, and subsequently did not report it. The caller specifically named two attendees.

The City Auditor's Office consulted with law enforcement who advised that it would be extremely difficult to prove or disprove such allegations without a willing witness. Therefore, the City Auditor's office determined to review the existing internal controls designed to ensure collection of green fees.

The City Auditor's Office contacted the Parks and Recreation Director and the Golf Professional Manager to inform them we would evaluate the internal controls surrounding this incident.

Upon interviews with staff and our review of this specific process, we learned the following:

- The Pro Shop closes between 5:00pm-5:30pm. Outside cart barn staff directs the golfers to Knickers Pub to pay their required fees prior to play on the course
- There is no signage to direct golfers to Knickers Pub to make payment
- Knickers Pub staff ring up the golfer(s) in GolfTrac (automated software system)
- The golfer is provided one copy of a receipt
- This receipt is given to the starter/cart barn attendant in exchange for a cart and access to the course

- The daily receipts are placed in an envelope by the starter/cart barn attendant and turned into the Pro Shop each day
- The Pro Shop matches these receipts against the reported sales in GolfTrac, when warranted

Parks and Recreation and Golf Course Management responded immediately to these allegations, reviewing their own processes, interviewing staff, entertaining our suggestions and volunteering to add security cameras to the cart barn staging area to monitor after hour activity at that location. These cameras are now in place.

As a result of our control review, we have made the following recommendations:

Recommendations to Strengthen the Controls

We recommend that Management place signage outside the Pro Shop and near the cart barn staging area to direct golfers to Knickers Pub to make payment.

Management response #1:

Staff will have signs made and posted that read; Please register for golf or purchase range tokens in Knickers Pub when golf shop is closed

Best practices governing play requires that every player possess a receipt from the Pro Shop while on the course. This was not being done at Coral Oaks. The player was asked to turn their receipt in to the starter/cart barn attendant and this left the player without a receipt. By providing the player a receipt to retain, the player will be able to show proof of payment, should it be warranted.

We recommend that the after hour golfers be provided two receipts from the Knickers Pub staff, one to retain during their play on the course and a second to be given to the starter/cart barn attendant prior to play.

Management response #2:

The Rec Trac coordinator has created a 3 part ticket from Knickers Pub for transactions made after the golf shop closes.

We have provided Parks and Recreation Management with a written report by two experts in the field that we believe will assist in regards to overall internal controls for a golf course. This report includes the major internal factors for protecting the revenue generating transactions such as (1) the point-of-sale ("POS") system, (2) the "tee sheet" and cart usage report and (3) the three-part chit system.

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The City Auditor's Office would like to thank the staff at Coral Oaks for their assistance in performing this follow up review. If there are further questions or concerns regarding this report, please contact the City Auditor's Office.

C: Stephen Pohlman, Interim City Manager
Dolores Menendez, City Attorney
Rebecca van Deutekom, City Clerk
Allen Manguson, Golf Professional Manager
Audit Committee