



AUDITOR GENERAL'S REPORT ACTION REQUIRED

Parks, Forestry and Recreation Division Review of the Management of the City's Golf Courses

Date:	September 25, 2012
To:	Audit Committee
From:	Auditor General
Wards:	All
Reference Number:	

SUMMARY

The Auditor General's 2012 Audit Work Plan included a review of the operations of the five City golf courses managed by Parks, Forestry and Recreation Division.

The objective of this review was to determine if opportunities exist to increase revenues or reduce expenses and assess the adequacy of accountability and control over processes used to manage City golf courses.

RECOMMENDATIONS

The Auditor General recommends that:

1. City Council direct the General Manager, Parks, Forestry and Recreation Division to develop a long term business and marketing plan for the City's golf courses. The plan should address the following:
 - a. the development of a marketing plan in consultation with Golf Plus which includes a "promotion program and product development" as required by the agreement between the City and Golf Plus;
 - b. strategies and performance targets to stimulate participation at each golf course and increase revenue over the next number of years;
 - c. strategies and performance targets to reduce expenditures at each golf course over the next number of years;
 - d. a review of the current operating model in detail particularly as it relates to the core golf business as well as ongoing maintenance costs;

- e. a review of the operating results of underperforming golf courses and determine whether or not such golf courses are financially viable in the long run;
 - f. “cross marketing” with other City facilities including the potential to allow golf rounds to be purchased at various recreation centres and arenas;
 - g. coordinate the marketing of the golf courses with the promotion of the City as a whole. Such a process be addressed in consultation with the City’s Economic Development and Culture Division;
 - h. review or implement communication strategies such as an eNewsletter or social media tools to fill last minute golf rounds;
 - i. consult and coordinate business planning efforts with other golf facilities throughout North America as well as the National Golf Foundation. The Division should consider membership in the National Golf Foundation; and
 - j. include incentive provisions in the long term agreement with Golf Plus or any successor contract.
2. City Council request the General Manager, Parks Forestry and Recreation Division to review in detail maintenance requirements at each of the City’s Golf Courses. Such a review to include consultation with the National Golf Foundation, other municipal golf courses and where possible, operators of other public golf courses throughout the Greater Toronto Area. In addition, the review to include an analysis of the costs of each of the city’s golf courses to ensure that where appropriate costs of each course are comparable and reasonable. Further, such analysis include a review of the correlation between maintenance costs, number of rounds played and green fees.
 3. City Council request the General Manager, Parks, Forestry and Recreation Division to initiate a formal review and reporting process in connection with both monthly and annual financial results of each of the City’s golf courses. In situations where financial results appear to be unusual, explanations should be obtained, investigated and documented and acted upon.
 4. City Council request the General Manager, Parks, Forestry and Recreation Division to include in its long term business plan a capital requirements analysis and funding model for each of its golf courses. Such a funding model take into account the competing funding demands throughout the City.
 5. City Council request the General Manager, Parks, Forestry and Recreation Division review opportunities to make more effective use of information technology in the following areas:
 - a. the updating of the City’s website including the need to develop an online tee time registration system; and
 - b. the development of a point of sale cash system which is integrated with the City’s financial information system.

The review be conducted in consultation with the City's Information Technology Division, other Canadian golf courses, both municipal and non municipal and the National Golf Foundation.

6. City Council request the General Manager, Parks, Forestry and Recreation Division, in consultation with the Treasurer, take immediate action to resolve all unreconciled amounts in the SAP Financial Information System. The Treasurer ensure that all accounting transactions are recorded on a timely basis.
7. City Council request the General Manager, Parks, Forestry and Recreation Division to develop cash handling and internal control procedures. Such policies and procedures be introduced at each golf course and on a surprise basis internal audits be conducted by the Division in order to ensure that policies and procedures are being followed.
8. City Council request the General Manager, Parks, Forestry and Recreation Division review the two agreements with Centennial Park Golf Centre and Royal Woodbine Golf Club. The review include an analysis of all important provisions in the agreement and a process to ensure compliance with all provisions in the agreements. In particular audited statements in support of revenue amounts should be provided on a timely basis. Further, all amounts which appear unusual should be reviewed and explanations obtained.
9. City Council direct the General Manager, Parks, Forestry and Recreation Division to develop a process for the ongoing evaluation of vendors in the golf courses. Consideration be given to the development of a customer survey.

Financial Impact

The implementation of recommendations in this report will provide opportunities for the City to address the decline in revenue generated from City golf courses. In addition certain recommendations if implemented will streamline operations and improve controls. The extent of any resources required or potential cost savings resulting from implementing the recommendations in this report is not determinable at this time.

ISSUE BACKGROUND

The golf business over the last number of years has become highly competitive. In the Greater Toronto Area there are over 100 public and semi-private golf courses with a further 30 executive par three golf courses. The City has experienced a 16.5 per cent drop in the number of rounds played from 2007 – 2011. As a result net revenue has likewise decreased from an amount of \$1,255,000 to \$521,000.

COMMENTS

This report contains nine recommendations along with a management response to each of the recommendations. The implementation of these recommendations will strengthen oversight and improve the City's opportunity to maximize potential revenue generated from operating City golf courses.

The Auditor General's report entitled "Review of the Management of the City's Golf Courses" is attached as Appendix 1. Management's response to each of the recommendations contained in the report is attached as Appendix 2.

CONTACT

Alan Ash, Director, Auditor General's Office
Tel: 416-392-8476, Fax: 416-392-3754, E-mail: aash@toronto.ca

Ben Smid, Senior Audit Manager, Auditor General's Office
Tel: 416-392-8478, Fax: 416-392-3754, E-mail: bsmid@toronto.ca

SIGNATURE

Jeff Griffiths, Auditor General

11-PFR-01

ATTACHMENTS

Appendix 1: Review of the Management of the City's Golf Courses, Parks, Forestry and Recreation Division

Appendix 2: Management's Response to the Auditor General's Review of the Management of the City's Golf Courses, Parks Forestry and Recreation Division