



City of San Antonio

Agenda Memorandum

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Agenda Date: 3/17/2020

In Control: Audit and Accountability Committee

AUDIT COMMITTEE SUMMARY

March 17, 2020

Audit of Parks and Recreation Department

Municipal Golf Association San Antonio

Report Issued February 24, 2020

Audit Objective

Determine if controls are in place to ensure compliance with terms of the City's contract with Municipal Golf Association - San Antonio for management of City golf facilities.

Background

The Parks and Recreation Department outsourced its golf operations to the Municipal Golf Association - San Antonio (MGA-SA), a Texas non-profit corporation, beginning May 2007. City Council approved a management agreement with MGA-SA to operate and promote City golf facilities for a 10-year term with a possible extension of two additional five-year terms. The agreement is currently in the first five-year extension and is valid through 2022. MGA-SA is responsible for improving and maintaining the appearance of the seven 18-hole municipal golf courses and the San Antonio Driving Range/Par 3.

The original 2007 management agreement specified that excess revenue be split 50-50 between MGA-SA and the City. However, a June 2012 amendment revised this agreement and stipulated that MGA-SA would pay the City \$150,000 annually for five years with no split in revenue. With the current 5-year extension, no revenue is shared with the City.

Scope & Methodology

The audit scope was from October 2017 to September 2019. It included the contract agreement between the City and MGA-SA and respective contract deliverables. We reviewed contract-monitoring efforts and performed a financial analysis of key financial ratios.

Conclusion

The Parks and Recreation Department had adequate controls in place to ensure compliance with terms of the City's contract with MGA-SA for management of City golf facilities. We verified Parks and Recreation staff developed and maintained a contract administration plan that included key contractual terms and identified contract deliverables that are required of MGA-SA. Additionally, we determined MGA-SA had adequate insurance coverage to meet contract requirements. Lastly, we determined that MGA-SA operations were reasonable after performing a financial analysis that included comparing year-over-year changes to revenue, expenditures, and profit.

There are no findings. Consequently, we make no recommendations to Parks and Recreation Department management.