Audit Team
Cody Schulte, CPA, CIA, Audit Manager
Chris Wildgen, CPA, MAcc, Lead Auditor
Megan O’Brien, MPP, Senior Auditor
John-Michael Steiner, MPA, Associate Auditor

Methodological Support
Sam Gallaher, PhD, Audit Analytics Manager
William Morales, MBA, Senior Data Analytics Auditor

Audit Management
Timothy M. O’Brien, CPA, Auditor
Valerie Walling, CPA, CMC, Deputy Auditor
Dawn Wiseman, CRMA, Audit Director

Audit Committee
Timothy M. O’Brien, CPA, Chairman
Rudolfo Payan, Vice Chairman
Jack Blumenthal
Leslie Mitchell
Florine Nath
Charles Scheibe
Ed Scholz

You can obtain copies of this report by contacting us:
Office of the Auditor
201 West Colfax Avenue, #705
Denver CO, 80202
(720) 913-5000  |  Fax (720) 913-5253

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Cover photo by Denver Auditor’s Office staff.
AUDITOR'S LETTER

September 16, 2021

The objective of our audit of Denver Golf was to determine whether Golf is meeting its key mission and performance objectives. I am pleased to present the results of this audit.

The audit found that Denver Golf can improve customer service in two areas: golfer check-in and maintenance of facilities and courses. Additionally, Denver Golf also does not have a current documented strategic plan and needs to improve documentation of its capital planning process. Finally, Denver Golf is not maximizing revenue due to lack of credit card integration and needs to improve monitoring and documentation of daily financial transactions.

By implementing recommendations for stronger customer service, greater revenue generation, strategic planning, and financial monitoring, Denver Golf will be better equipped to fund its operations and serve its customers.

I am disappointed Denver Golf has chosen to disagree with strategy and action plan recommendations that would increase transparency, hold the Denver Golf enterprise more accountable to the city and public, and improve organizational efficiency and effectiveness. Further explanation is in the Auditor’s Addenda included on pages 41-42 of the report.

This performance audit is authorized pursuant to the City and County of Denver Charter, Article V, Part 2, Section 1, “General Powers and Duties of Auditor.” We conducted this performance audit in accordance with generally accepted government auditing standards. Those 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 our audit objectives.

We extend our appreciation to the personnel at Denver Golf who assisted and cooperated with us during the audit. For any questions, please feel free to contact me at 720-913-5000.

Denver Auditor’s Office

Timothy M. O’Brien, CPA
Auditor
Denver Golf Operations
SEPTEMBER 2021

Objective
To determine whether Denver Golf is meeting key mission and performance objectives.

Background
Denver Golf is an enterprise that operates like a business to fund its own operations.

Golf is part of the Denver Department of Parks and Recreation and has eight golf facilities throughout Denver with a variety of amenities, including one mountain course in Evergreen.

Golf’s mission includes providing “excellent customer service” and “outstanding course conditions.”

REPORT HIGHLIGHTS

Denver Golf Customer Experience Should Be Improved
- Check-in for the golfer loyalty program is cumbersome due to duplicate customer accounts.
- While overall course conditions are satisfactory, several safety and aesthetic issues at certain golf courses may negatively impact golfer experience.

Denver Golf Does Not Have a Current Strategic Plan and Has Not Documented Organizational Priorities and Goals
- Denver Golf’s strategic plan expired in 2019. An updated strategy would help proactively plan and shape Golf’s future rather than it being led by reactions to current challenges or problems.
- Denver Golf’s capital improvement planning documents are fragmented and incomplete, resulting in Golf being unable to ensure that project goals are aligned with organizational priorities.

Denver Golf Is Not Maximizing Revenue
Denver Golf is not maximizing revenue due to lack of integration between its credit card machine and cashiering system. Golf cannot charge “no-show” customers who do not show up for their tee time. Without consequence for no-show reservations, Golf loses revenue to fund its operations.

Denver Golf Should Improve Monitoring and Documentation of Daily Financial Transactions
Inconsistent documentation and practices by golf courses could result in loss of revenue through fraud and misuse. Golf should ensure management approval is required for voids and cash refunds and that Golf staff monitor daily transactions such as voids and rain checks.

WHY THIS MATTERS
To provide a better customer experience for golfers, Denver Golf should improve customer service, maximize revenue, update strategy documentation, and improve its capital planning documentation and financial monitoring.
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BACKGROUND

Denver Golf Is an Enterprise

A government enterprise has no general fund or sales tax revenue allocated to it for operating or capital expenses. Enterprises operate as a business would in the private sector. Therefore, all funding generated by Denver Golf operations stays within Denver Golf to be used for operations and capital maintenance and improvements.

Mission, Vision, and Values

Denver Golf’s stated mission is “to deliver a complete golf experience, provide our community with excellent customer service, create programs to grow the game for future generations and provide outstanding course conditions while remaining stewards of the environment.” Golf’s vision is “to be the national leader in the golf industry regarding accessibility, diversity, environmental stewardship, and building the game for the future.”

Denver Golf has a value statement in which they strive “to provide the facilities and experiences that will enable all walks of life to partake of a game that teaches values for life.” As such, Denver Golf has adopted the following values:

- Integrity.
- Teamwork.
- Respect.
- Accountability.
- Stewardship.
- Quality.
- Ambition.
- Satisfaction.¹

Eight Locations

Denver Golf has eight locations, with seven spread throughout the City and County of Denver and one course in Jefferson County. Figure 1 on the next page shows a map of each location, and Table 1 on page 3 offers a description of the amenities available at each location.

FIGURE 1. Location of Denver Golf Facilities

Source: Developed by the Auditor’s Office based on information from the Denver Golf website.
TABLE 1. Amenities of Denver Golf Facilities

<table>
<thead>
<tr>
<th></th>
<th>Aqua Golf</th>
<th>City Park</th>
<th>Evergreen</th>
<th>Harvard Gulch</th>
<th>Kennedy</th>
<th>Overland Park</th>
<th>Wellshire</th>
<th>Willis Case</th>
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<td><strong>Miniature Golf</strong></td>
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<td><strong>Driving Range</strong></td>
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<td><strong>Practice/ Putting Green</strong></td>
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<td><strong>Chipping Green</strong></td>
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<td><strong>Pro Shop</strong></td>
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<td><strong>Restaurant/ Pub</strong></td>
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<td><strong>Par Three Course</strong></td>
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<td><strong>Foot Golf</strong></td>
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<td><strong>First Tee Junior Course</strong></td>
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**Source:** Developed by the Auditor’s Office based on information from the Denver Golf website and course visits.

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**Denver Golf Organizational Structure**

Denver Golf is part of the Denver Department of Parks and Recreation. See Figure 2 on the next page for an illustration of this organizational structure.
Denver Golf’s Reservation and Cashiering System

Denver Golf uses the EZLinks system, which allows golfers to schedule tee time reservations online through Golf’s website across the seven golf courses. This allows for central and consistent management of reservations and tee times. Cashiers and golf professionals manage the reservations at individual course pro shops through the EZLinks Tee Sheet application. Golf employees can see available tee times, check in golfers for reserved rounds, and manage loyalty memberships. EZLinks is also Golf’s cashiering system that it uses to take payments in the pro shops. The Denver Golf director and professionals use EZLinks to run reports to analyze play information and make strategic decisions for the organization.

Capital Improvements

To maintain and improve the courses and facilities, Golf has capital improvement projects that it prioritizes using the following criteria:

- Safety.
- Guest experience.
- The environment.
- Available funding.
- Synergies (i.e., added efficiencies).
- Return on investment.
Denver Golf maintains a list of some in-progress capital improvement projects on its website. This includes details such as a description of the improvement, the start date of the project, and the anticipated end date of the project.

According to Denver Golf management, capital improvements improve facilities and/or add new assets. Specific maintenance items, such as upgrading lighting, comes from operating revenues at each golf course.

Denver Golf works with the Department of Transportation & Infrastructure on construction projects, and Transportation & Infrastructure project managers run these projects. One example is the bridge at Kennedy Golf course, which Transportation & Infrastructure condemned due to structural issues in March 2020. There were unique problems with the bridge’s location that caused the redesign to take longer than expected. There were also permitting and budgeting challenges. The bridge was eventually removed and repaired in May 2021. The following photos show the progress before, during, and after repair of the bridge:

**KENNEDY CREEK COURSE BRIDGE** | These are the before, during, and after photos of the repairs done on the bridge on Hole 9 of the Creek course at Kennedy. First and third photo by Auditor’s Office Staff. Second photo courtesy of and used with permission from Department of Transportation & Infrastructure Staff

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**Budget Information**

According to the mayor’s annual budget, the Golf Enterprise Fund is budgeted for $13.9 million in total expenditures for 2021. The majority of those expenditures are budgeted to personnel services at $7.8 million, with services and supplies being the second largest expenditure at $4.7 million for 2020.

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Denver Golf was budgeted to have 59 permanent positions in 2021 along with many seasonal part-time positions as needed for the peak golf season, which runs from April 1 to Oct. 31.

Capital improvements were budgeted for $700,000 in 2021, including course construction, course water infrastructure, buildings, and mechanical improvements. Denver Golf has an overall capital improvement fund used for projects across all courses that come from the Golf Enterprise Fund revenue, and each golf course has its own maintenance budget.

Denver Golf generates revenue through greens fees, cart rental fees, golf lessons, concession fees, and the pro shops to recover costs and operate the city’s Golf Enterprise Fund. In 2020, Denver Golf realized its best financial year related to revenue since 2016 as golf saw increases in popularity and rounds played, being considered one of the only safe group activities during the COVID-19 pandemic.

### TABLE 2. Golf Enterprise Fund Operating Revenues and Expenditures, 2016–2020 (In Thousands)

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<tr>
<td>Total Operating Revenues</td>
<td>$11,058</td>
<td>$11,963</td>
<td>$11,803</td>
<td>$12,997</td>
<td>$14,732</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>$11,016</td>
<td>$11,383</td>
<td>$11,595</td>
<td>$12,768</td>
<td>$14,860</td>
</tr>
<tr>
<td>Operating Income</td>
<td>$42</td>
<td>$580</td>
<td>$208</td>
<td>$229</td>
<td>-$128</td>
</tr>
<tr>
<td>Change in Net Position</td>
<td>$196</td>
<td>$485</td>
<td>-$1,119</td>
<td>$15,144</td>
<td>$280</td>
</tr>
<tr>
<td>Net Position - January 1</td>
<td>$9,791</td>
<td>$9,987</td>
<td>$10,472</td>
<td>$8,641</td>
<td>$23,785</td>
</tr>
<tr>
<td>Adoption of GASB 75</td>
<td>-</td>
<td>-</td>
<td>-$712</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net Position - January 1 (as restated)</td>
<td>-</td>
<td>-</td>
<td>$9,760</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net Position - December 31</td>
<td>$9,987</td>
<td>$10,472</td>
<td>$8,641</td>
<td>$23,785</td>
<td>$24,065</td>
</tr>
</tbody>
</table>

**Source:** Developed by the Auditor’s Office based upon Comprehensive Annual Financial Report data.

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FINDING 1 AND RECOMMENDATIONS

*Denver Golf Customer Experience Should Be Improved*

There are two areas Denver Golf could address to improve customer experience. First, the check-in process for golfers with loyalty members is inefficient due to duplicate member accounts. The second issue relates to course conditions. While the conditions overall appear satisfactory, there are several safety and aesthetic details that should be addressed and would improve customer experience overall.

**Golfer Loyalty Check-In Is Cumbersome Due to Unnecessary Duplicate Accounts**

Based on auditor observation, interviews with golf cashiers, and the auditor survey of cashiers, the check-in process for Denver Golf loyalty members is slow. Loyalty members have online accounts where they can book tee times and accrue points that they can redeem for free rounds of golf. To accumulate points, golfers must check in individually before starting their round of golf. The golfer gives their name at check-in and the cashier checks to see if the EZLinks system automatically pulls up the membership account. If it has not, the cashier uses the member’s phone number as a unique identifier to find the proper account in the tee sheet system. Our observations of transactions found that correct membership account was typically not automatically pulled up and the cashier had to resort to using a phone number. The cashier must also repeat this process for each individual in a group so that each golfer can earn loyalty points. Figure 3 on the next page shows a visualization of the golf check-in process.

**Duplicate Membership Accounts Make Check-In Less Efficient**

Auditors found duplicate membership accounts as the main cause of golfer check-in issues. For example, in the tee sheet system, auditors noted an account with no loyalty membership, but then searched and found an account with the same name, address, and phone number that has a loyalty membership attached. Additionally, a cashier showed auditors that there are numerous duplicate entries for the same person in the system. Golf management stated that the cause of the loyalty accounts not filling in automatically at check-in is due to golfers creating multiple accounts when they sign up to play at Denver Golf courses within the tee sheet system; the customer uses a different account to sign up for their round instead of the one that has their loyalty membership attached. This results in loyalty points not being automatically added at check-in. Therefore, the cashier must look up the correct account to ensure that the customer receives their points.
FIGURE 3. Golfer Check-In Process

CUSTOMER
- Provides name
- Clicks check-in on tee sheet
- Confirms information on tee sheet with customer and selects correct fee
- Loyalty fee available?
  - YES
    - Add transaction in cashiering system
  - NO
    - Look up customer loyalty by entering phone number
    - Additional golfer with loyalty?
      - YES
        - Repeat until all golfers checked in
      - NO
        - Pays for golf round

CASHIER
- Look up customer loyalty by entering phone number
- Loyalty fee available?
  - YES
    - Add transaction in cashiering system
  - NO
    - Pays for golf round

Note: This is the check-in process for a customer with a loyalty membership.

Source: Auditor observations of golf courses.

The ability for customers to create duplicate accounts has been mitigated by providing them with the ability to look up their email address to see if they already have an account, but many outdated accounts remain. Previously, the Golf director stated that they were hesitant to clean up duplicate loyalty accounts while customers could continue to create more, but now that it has been limited, they said that they would like to clean up the duplicates.

Denver Golf’s Mission Includes Providing Excellent Customer Service

Denver Golf’s mission is “to deliver a complete golf experience, provide our community with excellent customer service, programs to grow the game for future generations and outstanding course conditions while remaining stewards of the environment.”

While Golf’s mission is to provide excellent customer service, the inefficient golfer check-in process can lead to customer frustration and create less satisfied customers overall. In addition, according to the U.S. Government

Accountability Office, efficient and effective operations fulfill an entity’s objectives. Specifically, “effective operations produce the intended results from operational processes, while efficient operations do so in a manner that minimizes the waste of resources.”

The loyalty check-in process is inefficient because it wastes cashiers’ and customers’ time. As we found from conducting a survey of cashiers and observing the check-in process, the effect of the check-in process having so many steps is that it can provide a frustrating, longer-than-expected experience for the customer and cashier. This can result in lines at check-in during busy times.

The loyalty program allows golfers to earn points at any of Denver’s locations and earn a point per dollar for green fees and aqua golf. Golfers can then redeem points for green fees. Therefore, it is important to the loyalty program for golfers to be able to earn points and use them.

According to the Government Accountability Office, automated control activities are more reliable and less susceptible to human error and are typically more efficient. However, Denver Golf’s reliance on a manual process where cashiers search for the correct loyalty membership for each golfer is susceptible to human error and is inefficient. This process could result in golfers not receiving loyalty points due the cashier accidentally using the incorrect account. This can frustrate customers because they are not able to use their earned points for a free round. Additionally, duplicate accounts make the process susceptible to errors and cause frustration for customers who unwittingly create and use multiple accounts without realizing the effect it has on their accumulation of loyalty points.

### 1.1 RECOMMENDATION

Eliminate Duplicate Accounts in Golfer Database

Denver Golf should complete a project to assess the golfer database and eliminate or combine duplicate customer and loyalty accounts to improve the golfer check-in process by April 2022.

**AGENCY RESPONSE:** AGREE, IMPLEMENTATION DATE – SEPT. 1, 2022

SEE PAGE 35 FOR THE AGENCY’S FULL RESPONSE TO OUR RECOMMENDATIONS.

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6 U.S. Government Accountability Office, 20.06.
Overall, we found the condition of Denver Golf’s courses appeared to be satisfactory. However, Golf can improve customer experience by resolving specific safety and aesthetic issues. Denver Golf appears to work hard to ensure golfers have positive experiences. For example, the putting greens, fairways, and other playing surfaces at all courses appeared clean and well kept. However, we identified certain safety and aesthetic issues that Golf should resolve to improve customer experience, protect golfers, and reduce potential liability.

Several Safety and Aesthetic Issues at Certain Golf Courses May Negatively Impact Customer Experience

On its public-facing website, Denver Golf’s stated quality value says, “We believe in providing an experience for our customers that reflects the pride we have in our facilities while giving them real value for their dollar – DETAILS MATTER.” Although course conditions appeared satisfactory across Denver Golf’s facilities, details were overlooked at certain courses. During our audit, we visited six of the eight Denver Golf facilities. These visits did not include Aqua Golf, which is a driving range, and Harvard Gulch, which was under construction for pond and irrigation renovation at the time of audit fieldwork. We identified potential issues and assessed the risk of each issue based on a risk matrix we created. Then, we identified items that may negatively impact customer experience and can be addressed by Golf management to improve the golf experience.

SAFETY ISSUES – We found safety issues involving the storm shelters at Evergreen, Kennedy, and Overland that Denver Golf should prioritize. At the time of our visits in March and April 2021, there were exposed nails, loose bricks, or loose roof tiles that could result in potential injuries. The storm shelter at Evergreen had exposed nails at eye level, approximately 5 to 6 feet from the ground, that could potentially cause head injuries.

Kennedy had storm shelters with loose wooden boards, exposed rusty nails, and loose bricks.

Overland had a storm shelter with loose roof tiles that could potentially fall.

---

EVERGREEN STORM SHELTER | This storm shelter near Hole 15 had rusty nails at about eye level (5 to 6 feet from the ground) that could potentially injure someone. PHOTO BY AUDITOR’S OFFICE STAFF

KENNEDY STORM SHELTER | This storm shelter near Hole 5 on the Creek course had loose bricks and boards with exposed rusty nails. PHOTO BY AUDITOR’S OFFICE STAFF
OVERLAND STORM SHELTER | This storm shelter near Hole 4, had loose tiles that could fall or slide off. PHOTO BY AUDITOR'S OFFICE STAFF

AESTHETIC ISSUES – In addition to the safety issues, there were aesthetic issues at some courses that Denver Golf could address to improve the customer experience.

For example, Kennedy Golf Course had old tables and rusting railings in the patio area of the restaurant. There were also large holes in the outside restaurant wall. We noted that the Kennedy clubhouse had cracks and peeling paint on the exterior, and a worn starter desk. Additionally, we saw potholes on the cart path at Hole 9, storm shelters with graffiti and holes in roofs, and some broken benches.

During our visit to Wellshire Golf Course, we noted dead and dying trees to the right and along Hole 13 and near the tee box of Hole 14, which are visually unappealing. We also noted that the snack bar and restroom at Hole 5 had peeling paint that needed touching up. We also saw potholes near Hole 16 and a worn storm shelter at Hole 13 that could use a fresh coat of paint. Additionally, we noted that Wellshire Golf Course’s main entrance sign did not advertise golf, which could be confusing to customers trying to locate the golf course.

Lastly, Evergreen Golf Course had a few issues that mar the course’s otherwise scenic beauty. There was a debris pile near Hole 3 and a bathroom near Hole 5 that had graffiti and uneven paint. Additionally, the storm shelter at Hole 14 had graffiti when we were there.

Denver Golf works with the Parks and Recreation Forestry Division to complete tree-related projects.
See the following photos for examples of all these aesthetic issues noted.

KENNEDY RESTAURANT | There was a rusty railing, worn-looking furniture, and holes on the side of the restaurant. PHOTO BY AUDITOR’S OFFICE STAFF

KENNEDY COURSE ISSUES | A starter desk with peeling paint, a cart path with multiple potholes, and a storm shelter with a gap in the roof. PHOTO BY AUDITOR’S OFFICE STAFF

WELLSHIRE COURSE ISSUES | The on-course bathroom with peeling paint, worn gazebo, and an example of a dead/dying tree. PHOTO BY AUDITOR’S OFFICE STAFF
WELLSHIRE CLUBHOUSE
ISSUES | The main sign by the entrance did not advertise golf.
PHOTO BY AUDITOR’S OFFICE STAFF

EVERGREEN COURSE ISSUES | A bathroom with uneven painting, a storm shelter with graffiti, and a debris pile. PHOTO BY AUDITOR’S OFFICE STAFF
Table 3 summarizes the issues that auditors saw during our visits to each golf course.

**TABLE 3. Golf Course Observations**

<table>
<thead>
<tr>
<th>Golf course</th>
<th>Issue</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aqua Golf</td>
<td>Not visited by auditors. <em>Aqua Golf is not a full golf course.</em></td>
<td></td>
</tr>
<tr>
<td>City Park</td>
<td>None. <em>This golf course underwent renovations and reopened in spring 2021.</em></td>
<td></td>
</tr>
<tr>
<td>Evergreen</td>
<td>Debris pile</td>
<td>Hole 3</td>
</tr>
<tr>
<td></td>
<td>Bathroom needs maintenance on the roof and repainting</td>
<td>Hole 5</td>
</tr>
<tr>
<td></td>
<td>Graffiti</td>
<td>Storm shelter</td>
</tr>
<tr>
<td>Harvard Gulch</td>
<td><strong>Not applicable:</strong> Harvard Gulch was under construction for a pond and irrigation renovation during audit fieldwork. Therefore, auditors were unable to complete an observation.</td>
<td></td>
</tr>
<tr>
<td>Kennedy</td>
<td>Cracks and peeling paint</td>
<td>Clubhouse</td>
</tr>
<tr>
<td></td>
<td>Large holes in the outside wall</td>
<td>Restaurant</td>
</tr>
<tr>
<td></td>
<td>Old tables and rusting railings</td>
<td>Patio area</td>
</tr>
<tr>
<td></td>
<td>Dead cottonwood tree that could develop into safety hazard</td>
<td>Hole 6, Babe Lind</td>
</tr>
<tr>
<td></td>
<td>Potholes on cart path</td>
<td>Hole 9, Babe Lind</td>
</tr>
<tr>
<td></td>
<td>Worn starter desk</td>
<td>Hole 1, Babe Lind</td>
</tr>
<tr>
<td></td>
<td>Weather-worn exterior with graffiti</td>
<td>Storm shelter, Babe Lind</td>
</tr>
<tr>
<td></td>
<td>Broken benches</td>
<td>Hole 7, Babe Lind; Hole 1, Par 3</td>
</tr>
<tr>
<td>Overland</td>
<td>None.</td>
<td></td>
</tr>
<tr>
<td>Wellshire</td>
<td>Main entrance sign that does not advertise golf</td>
<td>Parking lot entrance</td>
</tr>
<tr>
<td></td>
<td>Worn storm shelter</td>
<td>Hole 13</td>
</tr>
<tr>
<td></td>
<td>Dead and dying trees</td>
<td>Holes 13, 14</td>
</tr>
<tr>
<td></td>
<td>Worn bar/restroom with peeling paint</td>
<td>Hole 5</td>
</tr>
<tr>
<td></td>
<td>Potholes on cart path</td>
<td>Hole 16</td>
</tr>
<tr>
<td>Willis Case</td>
<td>None.</td>
<td></td>
</tr>
</tbody>
</table>

*Note: These observations were noted in April and May 2021.*

*Source: Auditor observations of golf courses.*
Prioritizing Safety and Aesthetic Issues Could Improve the Overall Customer Experience at Courses

Based on its mission statement, Denver Golf should be proactively improving the experience for golfers in all areas, including eliminating safety hazards and unappealing aesthetic issues.

As mentioned earlier, Denver Golf also highlights “quality” as a core value on its public-facing website, saying, “We believe in providing an experience for our customers that reflects the pride we have in our facilities while giving them real value for their dollar – DETAILS MATTER.” While quality does not imply perfection, many of the issues we observed appeared to be longstanding problems. Denver Golf can better meet its own expectations by focusing more on safety and aesthetic details at some courses.

We found that Denver Golf has failed to prioritize the safety and aesthetic issues highlighted in this report. Upon reviewing Denver Golf’s capital improvement plan, we learned that Denver Golf was aware of some issues we identified during our course evaluations. For example, the capital improvement plan lists replacing the storm shelters at Kennedy. However, the fields for projected completion date, funding source, and the purpose statement for the project were all blank. According to the plan, the storm shelter project was initiated in 2020. Based on the appearance of the storm shelters, however, they may have been in poor condition for a long time.

The safety hazards we saw should be Denver Golf’s priority as it begins to address the noted issues. Safety risks at some Denver Golf courses, such as rusty nails and loose tiles at the storm shelters, could result in injuries and subsequent litigation. Currently, the storm shelters are the lowest priority on the Kennedy capital improvement plan. Considering the other projects listed, we agree that Denver Golf’s prioritization would be reasonable if the only alternative was to completely tear down and replace the structures. However, Denver Golf can address the safety issues in the storm shelters quickly, such as exposed nails and loose bricks, without needing to replace them. Denver Golf management should reduce the risk of injury and liability by fixing these issues as soon as possible.

The overall appearance of a course influences golfer experience. To better understand the perspective of Denver Golf’s customers, we sent a survey to the men’s and women’s clubs at most of the courses. While the results indicated that Denver Golf customers are mostly pleased with their experiences, specific issues were noted at some courses. The survey results showed that Wellshire Golf Course and Kennedy Golf Course had the most potential aesthetic issues. After conducting on-site observations, we confirmed that Wellshire and Kennedy have the most room for improvement.

### 1.2 Recommendation

**Address Safety Issues**

Denver Golf should prioritize safety issues by addressing the following as soon as possible: the storm shelters at Kennedy, Overland, and Evergreen have loose nails, bricks, and/or roof tiles that golf course maintenance should address.

**Agency Response:** AGREE, IMPLEMENTATION DATE – JUNE 1, 2022
SEE PAGE 36 FOR THE AGENCY’S FULL RESPONSE TO OUR RECOMMENDATIONS.

### 1.3 Recommendation

**Address Course Issues at Kennedy**

Denver Golf should address these specific issues within Finding 1 to ensure a high-quality customer experience at Kennedy Golf Course by April 2022:

- Cracks and peeling paint on the clubhouse.
- Large holes in the outside restaurant wall.
- Old tables and rusting railings in the patio area.
- Dead cottonwood tree at Hole 6 that could develop into a safety hazard.
- Potholes on cart path at Hole 9.
- Worn starter desk.
- Weather-worn storm shelter with graffiti.
- Broken benches.

**Agency Response:** AGREE, IMPLEMENTATION DATE – JUNE 1, 2022
SEE PAGE 36 FOR THE AGENCY’S FULL RESPONSE TO OUR RECOMMENDATIONS.

### 1.4 Recommendation

**Address Course Issues at Wellshire**

Denver Golf should address these specific issues within Finding 1 to ensure a high-quality customer experience at Wellshire Golf Course by April 2022:

- Main entrance sign that does not advertise golf.
- Worn storm shelter at Hole 13.
- Dead and dying trees to the right and along Hole 13 and near the tee box of Hole 14.
- Worn bar and restroom with paint peeling at Hole 5.
- Some potholes on cart path at Hole 16.

**Agency Response:** AGREE, IMPLEMENTATION DATE – JUNE 1, 2022
SEE PAGE 37 FOR THE AGENCY’S FULL RESPONSE TO OUR RECOMMENDATIONS.
1.5 RECOMMENDATION Address Course Issues at Evergreen

Denver Golf should address these specific issues within Finding 1 to ensure a high-quality customer experience at Evergreen Golf Course by April 2022:

- Debris pile at Hole 3.
- Bathroom at Hole 5 needs repainting and roof maintenance.
- Graffiti on the storm shelter.

AGENCY RESPONSE: AGREE, IMPLEMENTATION DATE – JUNE 1, 2022
SEE PAGE 37 FOR THE AGENCY’S FULL RESPONSE TO OUR RECOMMENDATIONS.
FINDING 2 AND RECOMMENDATIONS

**Denver Golf Does Not Have a Current Strategic Plan and Has Not Documented Organizational Priorities and Goals**

Denver Golf does not have an up-to-date strategic plan and has not documented organizational priorities. We asked to see Denver Golf’s strategic plan to assess how well it was achieving organizational objectives and management provided us with a plan that was issued in 2011 and expired in 2019. Because the expired plan is detailed and contains many actionable recommendations — mostly aimed at helping Golf increase its revenue — it remains a valuable, if limited and outdated, resource for Golf.

**Denver Golf’s Lack of Documented Strategy Creates a Risk that Enterprise Funds May Not Be Used Efficiently**

A strategic plan helps decide how best to match available resources with future goals. Incorporating long-term financial planning is an important element of the strategic planning process. Without strategic direction, there is a risk that Denver Golf’s enterprise funds may not be used efficiently and effectively. According to the Government Finance Officers Association, strategic planning is a systematic tool to help agencies achieve the following objectives:

- Evaluate the current condition.
- Anticipate changes and envision the organization’s future.
- Improve effectiveness.
- Develop commitment to the mission and consensus on how best to achieve that mission.

The purpose of a strategic plan is to proactively shape an organization’s future rather than merely reacting to current challenges or problems. Effective strategies also help organizations successfully navigate changing circumstances. Strategic planning helps organizations use resources effectively to “bridge the gap” between the status quo and future vision by connecting available resources to future objectives.

Organizations should create a financial plan that evaluates the long-term financial consequences of their objectives. The financial plan should

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outline goals and highlight prospective outcomes. The Government Finance Officers Association recommends that all government agencies implement strategic planning to establish logical connections between spending and organizational goals. Although there are many ways to approach strategic planning, an effective strategic plan should include the following key essentials:

- Initiate the strategic planning process.
- Prepare a mission statement.
- Assess environmental factors.
- Identify critical issues.
- Agree on a small number of broad goals.
- Develop strategies to achieve broad goals.
- Create an action plan.
- Develop measurable objectives.
- Incorporate performance measures.
- Obtain approval of the plan.
- Implement the plan.
- Monitor progress.
- Reassess the strategic plan.\(^{13}\)

Without documented goals and measurable objectives, it is difficult for external stakeholders to evaluate Denver Golf’s progress over time. Furthermore, Golf’s management cannot properly hold themselves accountable without a documented strategy. Denver Golf does not have an up-to-date strategic plan because it did not prioritize strategic planning. We interviewed Golf’s director to find out why the plan had not been updated. The reasons he provided are summarized below.

**Denver Golf’s Management Does Not Think Updating the Strategic Plan Is a Worthwhile Investment**

When asked, Denver Golf’s director said that not updating the strategic plan was a management decision. He told us he prefers a more fluid approach to planning, and believes documentation is mostly an unnecessary hindrance. In the director’s opinion, frequent conversations are more effective than documented goals or strategies. The director did show us documents of planning discussions that occurred during Denver Golf’s monthly staff meetings. However, the documentation we saw only provided evidence of high-level project summaries that are already underway.

\(^{13}\) “ Establishment of Strategic Plans” (2005).
Denver Golf’s Management Does Not Believe Goals with Specific Timelines Are Necessary or Helpful

The main objective of a strategic plan is to create measurable goals with attached timelines. When we brought this to the director’s attention, he said timelines are neither necessary nor helpful. The director said Golf completes projects when it is able. However, because Denver Golf relies on the Department of Transportation & Infrastructure to complete many projects, specific timelines are out of its hands. From a strategic planning perspective, we expect to see — at a minimum — documented goals that are measurable.

Because Denver Golf has not documented its organizational priorities, we were unable to adequately assess Golf’s progress as an organization. The lack of documented strategy poses a risk to the organization if management changed unexpectedly. For example, if the current director left without a succession plan, future leadership would have no written framework on which to make decisions. Bringing a successor up to speed may require a significant time investment, which could create significant short- and medium-term inefficiencies. For instance, future leadership may need to spend significant time analyzing current course conditions to properly evaluate capital investment, which in turn could delay course improvements.

Leaders of public organizations need to be effective strategists to enable their organizations to fulfill their missions and satisfy the public. Given that circumstances are constantly changing, leaders in the public sphere need to develop a coherent and defensible framework for their decisions.²⁴

2.1 RECOMMENDATION: Develop and Document a Strategic Plan

Denver Golf should create and document a strategic plan based on best practices, such as the Government Finance Officers Association, that includes actionable goals by April 2022. Golf management should include procedures to periodically assess and update the strategic plan based on internal and external factors such as safety, customer experience, and economic factors.

AGENCY RESPONSE: DISAGREE
SEE PAGE 37 FOR THE AGENCY’S FULL RESPONSE TO OUR RECOMMENDATIONS.
AUDITOR’S ADDENDUM: SEE PAGE 41

²⁴ “Establishment of Strategic Plans” (2005).
2.2 RECOMMENDATION  Develop and Document an Action Plan

Denver Golf should develop an action plan to describe how strategies will be implemented, including activities to be performed, estimated associated costs, designation of responsibilities, priority levels, and time frames by April 2022.

AGENCY RESPONSE: DISAGREE
SEE PAGE 38 FOR THE AGENCY’S FULL RESPONSE TO OUR RECOMMENDATIONS.
AUDITOR’S ADDENDUM: SEE PAGE 41.

2.3 RECOMMENDATION  Develop Measurable Objectives to Monitor Progress

Denver Golf should develop measurable objectives to monitor progress on achieving goals outlined in the strategic plan by April 2022. Progress towards meeting goals should be monitored and Denver Golf should adjust the plan as needed.

AGENCY RESPONSE: DISAGREE
SEE PAGE 38 FOR THE AGENCY’S FULL RESPONSE TO OUR RECOMMENDATIONS.
AUDITOR’S ADDENDUM: SEE PAGE 41.

Denver Golf’s Capital Improvement Planning Documents Are Fragmented and Incomplete

While Denver Golf has some capital improvement documentation, the documents are fragmented and incomplete. When we requested Denver Golf’s capital improvement documentation, staff gave us an Excel spreadsheet used to track capital improvement projects. The spreadsheet contained separate tabs for each course. Each tab had a list of active and completed projects. However, we identified a lot of missing information. For example, many of the projects did not have projected completion dates entered. Furthermore, most of the courses did not identify the type of project (e.g., deferred maintenance, capital improvement, capital maintenance). Many other fields were also left blank on the spreadsheet, including the funding source for many of the projects.

Government organizations should establish capital planning, budgeting, and reporting practices to encourage efficient spending. A capital improvement plan usually runs for three to five years as an accompaniment to a longer-term plan and lists projects planned for the community, including revenues and funding sources. The Government Finance Officers Association recommends that governments incorporate the following elements into their capital improvement planning:

• Capital planning policies.
• Master plans and capital improvement planning.
• Multi-year capital planning.
• Capital asset management.
• Communicating capital improvement strategies.
• Capital project monitoring and reporting.
• Highlights or summary.
• Individual capital project detail.
• Operating impacts.¹⁶

Denver Golf’s capital improvement plan does contain a ranking system to prioritize projects. Projects were prioritized based on a 10-point scale using the following categories: 1) safety; 2) customer satisfaction; 3) return on investment; 4) cost and budget synergy; 5) sustainability; and 6) mission, vision, and values. However, there was no methodology explaining how Denver Golf arrived at its conclusions.

When we asked Denver Golf’s director about this, he said all capital improvement planning decisions are made through discussions in regular staff and management meetings. As the audit progressed, however, it became clear, in our opinion, that Denver Golf must have more detailed planning documents.

Through multiple conversations with Denver Golf personnel and examining Denver Golf’s website, we found three separate documents that relate to capital improvement planning.

CAPITAL IMPROVEMENT TRACKER — Denver Golf’s capital improvement tracker is a spreadsheet that documents Golf’s capital improvement projects. Golf says the spreadsheet is intended to track active and completed projects. However, the document is missing a significant amount of important information. For example, most of the courses have a number of blank fields in the funding source column. Additionally, the columns used to score the importance of the project (e.g., safety, customer service, return on investment) do not show how Denver Golf arrived at these conclusions. Without any accompanying explanation, it appears Golf staff are loosely “eye-balling” scoring categories, such as return on investment, that would be expected to include a methodology or formula for estimation.

CAPITAL PLANNING AND CASH PROJECTIONS SPREADSHEET — This cashflow spreadsheet contains detailed cash projections and project planning from 2020 through 2023. The worksheet is far more detailed than the capital improvement tracker. For example, it has a list of active and future projects for 2020, 2021, and 2022, including revenue and spending projections. However, there is no information on how Denver Golf is prioritizing

projects. When we asked Golf’s director how he prioritizes projects, he said that projects are graded using the scoring system on the capital improvement tracker. However, the scoring system on the tracker does not contain a methodology showing how Golf arrived at its conclusions. Without a documented methodology, projects may not be receiving a systematic evaluation. Without systematic evaluation, projects can be incorrectly prioritized.

**CAPITAL IMPROVEMENTS SECTION ON THE PUBLIC WEBSITE** – The capital improvements section of the Denver Golf website gives general information about active projects at each course. The website has more detailed information on active construction projects than any of Golf’s internal documents. We were able to gain a clear, high-level overview of Golf’s current capital improvement plans more easily by using the website than we could from internal documents. However, website information was limited to projects currently underway.

All three documents outlined above contain important elements of Denver Golf’s capital improvement process. However, none of them contain any links or references to each other. To gain a general understanding of Denver Golf’s capital improvement process requires access to all three documents. Therefore, Golf should ensure these documents are linked. To evaluate Golf’s capital improvement planning process, we compared all three documents to the criteria below.

To evaluate the effectiveness of Denver Golf’s planning documentation, we compared all three planning documents to the best practices issued by the Government Finance Officers Association and highlighted any gaps. Even when viewed holistically, Golf’s current fragmented capital improvement planning documents fall short of best practices.

The reason Denver Golf does not have a coherent, documented capital improvement plan is that Golf’s management has not prioritized documentation in their planning process. When we asked Golf’s director why he did not have more documentation, he said that he believed verbal decision making was more fluid without documentation.

To gain a general understanding of Denver Golf’s approach to capital improvement planning required multiple interviews with Golf personnel. The lack of documentation meant that Denver Golf’s capital planning strategy was largely incoherent to anyone outside Golf management. Documenting the capital improvement plan would allow Golf’s project goals to align with its priorities. However, because Denver Golf does not do this, we could not evaluate how well its capital improvement planning aligns with its organizational priorities.

The capital improvement planning documents we saw are fragmented in that none of the documents make any reference to each other. Combined, the planning documents do provide a framework for a multi-year capital improvement plan valid.
improvement plan. However, the key missing element is an overall plan showing how Denver Golf approaches capital improvement planning. Golf’s director may have a plan for capital improvements; however, the plan is not appropriately documented. Consequently, there is a risk that Denver Golf will lose the institutional knowledge of its current director should they leave the position unexpectedly. The negative effects on Golf could potentially impact customer experience by delaying capital improvement projects.

The lack of coherent capital improvement planning means that it is sometimes unclear which items qualify as capital improvement projects and which are maintenance projects. The distinction is important because maintenance projects are funded by a course’s budget and do not require engaging the Department of Transportation & Infrastructure. For example, the main recurring issue we learned from course visits was that storm shelters needed to be repaired or replaced. When we asked the director whether Denver Golf needed to involve the Department of Transportation & Infrastructure to fix or remove the shelters, they were not sure. Without clear planning documentation — including language that clearly defines capital improvements and capital maintenance — projects may continue to go unresolved.

### 2.4 RECOMMENDATION

**Document Comprehensive Capital Improvement Plan**

Denver Golf should combine capital improvement documentation into a comprehensive capital improvement plan and ensure that it aligns with strategic priorities by April 2022. Denver Golf’s comprehensive capital improvement plan should be based on best practices, such as the elements of capital improvement planning created by the Government Finance Officers Association.

**AGENCY RESPONSE:** DISAGREE

SEE PAGE 38 FOR THE AGENCY’S FULL RESPONSE TO OUR RECOMMENDATIONS.

**AUDITOR’S ADDENDUM:** SEE PAGE 41.
FINDING 3 AND RECOMMENDATIONS

Denver Golf Is Not Maximizing Revenue

Denver Golf is not maximizing revenue due to a lack of integration between its credit card machine and cashiering system. This means Denver Golf cannot charge customers who do not show up a nonrefundable pre-booking fee for tee times canceled with less than 24-hour notice. Without consequence for no-show reservations, Golf loses revenue to fund its operations. As an enterprise, Golf must establish fees designed to recover costs and align with comparable golf courses.

In addition, customer service suffers due to a lack of integration. For example, cashiers are more likely to make errors manually entering amounts into the credit card machine, the credit card process is less efficient, and tee times are potentially harder to book. This lack of integration is caused by Golf’s cashiering system, EZLinks, and its incompatibility with the system used by the city’s bank. There were no formal projects to integrate the two systems between 2013 and 2021. If Golf’s current effort is unsuccessful, it should procure a new cashiering system.

Denver Golf’s Cashiering System Does Not Have an Integrated Credit Card Machine

EZLinks does not have an integrated credit card machine. This means that when golfers pay in person, the cashier must hand enter the amounts into a credit card machine. Additionally, there is no way for golfers to make payments online. While golfers can book rounds online through the tee sheet, they cannot prepay for rounds and cannot be charged booking fees.

Denver Golf Cannot Charge No-Shows, Resulting in Lost Revenue

Due to the lack of credit card integration, Denver Golf does not retain credit card information in its systems for the purposes of charging fees. Without the customer credit card information, Denver Golf is unable to charge fees for no-shows, which causes Golf to forego potential revenue for tee times that go unfilled as a result of the no-shows.

The Governmental Accounting Standards Board sets accounting and financial reporting standards for state and local governments. These standards follow generally accepted accounting principles which state that an enterprise should adopt pricing policies and fees designed to recover its costs.18

We compared Denver Golf’s no-show policies to other municipal golf courses and found that several courses either have customers prepay, charge a fee for no-shows, or do not allow online reservations after multiple no-shows. Additionally, the previously mentioned strategic plan, which was created by the Golf Convergence consulting group (now JJKeeegan+), says Denver Golf should require reservations to be secured with a credit card in case of no-shows. Golf has no ability to charge reservation fees or the capabilities to retain credit card information and charge nonrefundable pre-booking fees to recoup lost revenue.

Denver Golf performed a no-show cost analysis for 2019 and 2020, to determine the maximum potential revenue loss for those two years, which we determined was complete and accurate. The analysis considered all rounds played and no-shows for all Denver Golf courses, whether or not no-shows were replaced by walk-ups, which are golfers who arrive to play without a reservation, and the rate at which no-shows were replaced by walk-up golfers. Our procedures included performing steps to recreate the data reports used in the Denver Golf internal analysis to ensure the analysis was complete and accurate and reviewing the calculations and methodology to account for no-show rounds replaced by walk-in golfers.

- The 2019 analysis estimated that 87% or 34,000 no-shows were not replaced at an estimated cost of $1.5 million.
- The 2020 analysis estimated that 85% or 23,000 no-shows were not replaced at a cost of $800,000.19

The maximum potential revenue loss of $2.3 million over two years is a significant amount of money for the Golf Enterprise Fund. This conclusion is based on the revenue in the City of Denver’s Comprehensive Annual Financial Report which disclosed revenue of $14.7 million, $13.6 million of which was related to charges for services in 2020.20 In 2019, Golf disclosed revenue of $13 million, $10 million of which was related to charges for services.21 Compared to the estimated lost revenue from the no-show cost analysis, Golf potentially lost an estimated 5.5% of revenue in 2020 and 11.3% of revenue in 2019 over the two years as shown in Figure 4 on the next page.

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19 There were significantly less no-shows in 2020 due to the COVID-19 pandemic, which increased the demand for golf because customers found it as one of the only activities available and operating for the public.


Lost revenue could have been used to address the maintenance issues we identified in Finding 1 and take on additional capital improvement projects. We asked if increased golfing volume and revenue in 2020 led to maintenance improvements or additional capital improvement projects. The Denver Golf director said the increases in volume and revenue were not significant enough to adjust priorities to take on additional capital projects or maintenance repairs across the courses.

**The Lack of Credit Card Integration Also Affects Customer Service**

The lack of credit card integration requires cashiers to hand type all transactions into the credit card machine, which results in inefficient credit card transactions and increases the risk of errors, such as the customer being charged the incorrect green fee. Several cashiers and golf professionals said that it is easy to make an error due to this lack of credit card integration. In addition, the check-in process can be slow for customers due to the separate credit card machine. This can potentially
lead to customers spending time waiting in line to check in to their golf round.

Furthermore, several of the surveyed golf club members said that they are frustrated with how difficult it is to book tee times due to lack of availability. We also got feedback from a cashier that said cancellations by phone do occur, but no-shows are even more common since there are no consequences when a golfer missed their reservation. As discussed in Finding 1, Denver Golf’s mission includes a commitment to “provide our community with excellent customer service.” However, the lack of credit card integration results in an inefficient credit card process, potentially charging a customer an incorrect amount, and increasing customer frustration when they are unable to book a tee time because it has been claimed by a no-show.

According to golf professionals and the director, no-shows are a significant challenge in operating the courses effectively. For example, City Park reopened in 2021 and because of its popularity, it is difficult to book a tee time. According to the head golf professional at City Park, tee times there become available at midnight two weeks in advance for loyalty members and sell out in five minutes. Golfers without loyalty accounts have a seven-day window to reserve golf rounds, while loyalty members can reserve rounds up to 14 days in advance.

We saw a golfer asking a cashier how to actually get a tee time and the advice given was to create a loyalty account and go on at midnight to get a tee time. Golf professionals said that Golf has been making efforts to educate golfers and urge them to limit no-shows so the rounds can be filled, since there is sufficient demand to fill any available reservation.

### Golf’s Cashiering System Was Not Initially Compatible with the City’s Bank, Resulting in the Lack of Integration

Denver Golf started using EZLinks as its cashiering system in 2013, which was not compatible with system used by Chase, the city’s bank. Specifically, golf management had initiated the point of sale system contract process with EZLinks at a time when the city was negotiating a banking contract with Wells Fargo, which is compatible with EZLinks.

However, the city could not come to terms with Wells Fargo and moved to Chase. Consequently, a third-party gateway is necessary to integrate the credit card functionality with EZLinks. Integrating a third-party gateway has not been successful due to legal issues, according to Denver Golf and the City Attorney’s Office.

Denver City Attorney’s Office representatives stated that Golf and their office spent a long time in negotiation with EZLinks gateways in prior years, but EZLinks would not agree to terms with the city due to the city’s indemnification provision and Payment Card Industry Compliance terms.

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which said that the city would assume full liability.

The City Attorney's Office also had concerns with using EZLinks' bank, Wells Fargo, which demanded full indemnification — contractually requiring its customer take on all litigation losses. This is illegal for the city to do per the Colorado Constitution and Denver Charter. Chase Orbital is the city's preferred gateway because all transactions are directly deposited into the city's bank at the time of the transaction with the customer, and because it is illegal under city charter for vendors to earn interest on taxpayer dollars.

There were no formal projects to address credit card integration between 2013 and 2021. The Golf director said that efforts were made during that time to implement credit card payment, but these efforts had not found a gateway credit card processor that would agree to legal terms to complete the implementation.

In January 2021, Golf started a project working with Technology Services, Treasury, and the City Attorney's Office to integrate credit cards into EZLinks. As of May 2021, Technology Services were preparing to create the architecture for the needed systems. Figure 5 shows a timeline of the integration efforts dating back to before Denver Golf had implemented EZLinks.

![FIGURE 5. Credit Card Integration Timeline](chart)

**Golf Convergence consulting firm issues Denver Golf Strategic Assessment and Recommendation Plan, recommending credit card integration and fees for no-shows.**

**Denver Golf implements EZLinks golf course management software without integrating online credit card payment and point of sale system.**

**EZLinks functionality upgrades, no credit card integration.**

**Denver Golf initiates request to integrate credit card payments through EZLinks online reservation system using third-party gateway to city's banking institution, Chase.**

**EZLinks contract expires.**

*Source: Auditor analysis of interviews, Technology Services request tickets, and 2011 strategic plan.*

If this current integration project is successful, Golf will be able to accept payments for reservations within the EZLinks Tee Sheet and allow in-store credit card integration. Golf management said that if it cannot finalize the EZLinks integration by the end of summer 2021, Golf will begin the procurement process to find a new software provider that will work with the city's bank.
<table>
<thead>
<tr>
<th>3.1</th>
<th>RECOMMENDATION</th>
<th>Integrate Credit Card Capability</th>
</tr>
</thead>
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<tr>
<td></td>
<td>Denver Golf should continue to work with Technology Services, the City Attorney’s Office, and Department of Finance staff on the credit card integration project. If credit cards are unable to be integrated by the end of summer 2021, Golf should work with those agencies to begin the procurement process for a new system with fully integrated credit card functionality, including the ability to charge customers a nonrefundable pre-booking fee.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>AGENCY RESPONSE: AGREE, IMPLEMENTATION DATE – MARCH 1, 2023 SEE PAGE 39 FOR THE AGENCY’S FULL RESPONSE TO OUR RECOMMENDATIONS.</td>
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</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3.2</th>
<th>RECOMMENDATION</th>
<th>Update No-Shows/Late Cancellations Policy and Procedure</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td>AGENCY RESPONSE: AGREE, IMPLEMENTATION DATE – MARCH, 1, 2023 SEE PAGE 39 FOR THE AGENCY’S FULL RESPONSE TO OUR RECOMMENDATIONS.</td>
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FINDING 4 AND RECOMMENDATIONS

Denver Golf Should Improve Monitoring and Documentation of Daily Financial Transactions

Gaps in the processes designed to monitor transactions provide an opportunity for Denver Golf employees to commit fraud, could allow thefts to go undetected, and limits management’s ability to identify errors in the financial reports. This would ultimately result in lost revenue for Golf. The City and County of Denver Fiscal Accountability Rules outline a framework to help detect errors and fraud, while limiting the opportunity for unauthorized transactions to ensure all transactions are processed according to the authority of each employee.

EZLinks System Does Not Limit Cashiers’ Ability to Process Void Transactions

Based on our golf professional interviews and cashiering observations, we found that Denver Golf cashiers could process voids without approval since the point of sale system did not restrict authorizing voids and cash refunds to appropriate employees. We ran reports that showed cashiers were able to process void transactions without manager approval which conflicts with the individual golf course policies that say all refunds (such as voids) must be approved by the manager on duty. Without limiting system access, there is no need for staff to request managers to perform the transaction authorization in accordance with internal policy.

Inconsistent Policy Documentation and Practices by Individual Golf Courses Could Result in Loss of Revenue

Based on our observations and review of reports run from EZLinks, not all voided transactions were reviewed by the supervisor on duty, which is typically the golf professional at each respective golf course. Golf professionals and Denver Golf management do not have documented individual golf course policies to review these transactions on a frequent basis with the purpose of identifying inappropriate transactions and ensuring cashiering processes are aligned across the organization.

We determined the reason for the deviations from policy resulted from Golf management not documenting and designing processes to allow golf professionals and staff to understand and follow Fiscal Accountability Rule 2.4, which requires separation and rotation of duties; Fiscal Accountability Rule 3.4, which requires all receipts to be counted and reconciled at the point of sale system at the end of each business cycle; and Fiscal Accountability Rule 2.2, which requires city agencies to have reconciliations
to ensure data going into the general ledger is sufficient and reliable.\textsuperscript{23}

Documentation and adherence to these rules of the City and County of Denver ensure reliable financial information for stakeholders at Denver Golf, Parks and Recreation, and ultimately the Controller's Office.

**Rain Checks Are Issued with Customer Service as a Priority, but the Impact on Golf Course Financial Results Should Be Monitored**

Cashiers have authority to use their own judgment to issue rain checks, which are refund credits that can be redeemed for future rounds. Cashiers give these to customers who are caught in a storm and unable to play or otherwise need a refund credit. However, there are no documented review procedures by Denver golf professionals or management to periodically assess that the transactions and daily financial results are reasonable and in line with internal policies.

Concerning rain checks, we understand that individual manager approvals may not always be possible during a weather event, during peak season, or when a golf professional is not on site, to ensure customer service remains a priority. While some golf professionals said they performed financial reviews, there are no documented reconciliation policies or procedures to understand the financial impact of transactions and further investigate if necessary. Lacking these consistent processes could increase the risk that inappropriate transactions or errors occur and are not identified on a timely basis during the daily closing process and individual golf course financial reconciliations.

At a minimum, any transactions that cashiers have authority to process which directly impact revenue generation should be reviewed by golf professionals on a uniform basis across all golf courses. During our visits to the golf courses, Denver golf professionals discussed two fraud cases they had observed within the past five years. Without properly designed and implemented financial reviews, there could be inappropriate transactions resulting in misappropriation of assets and opportunities to commit fraud.

4.1 RECOMMENDATION: Ensure Management Approval Is Required for Voids and Cash Refunds

Denver Golf should ensure authorized employees are approving transactions in the point of sale system according to the individual course policies including separating duties between cashiers and supervisors with proper authority to enter voids and cash refunds.

AGENCY RESPONSE: AGREE, IMPLEMENTATION DATE – JULY 1, 2021
SEE PAGE 40 FOR THE AGENCY’S FULL RESPONSE TO OUR RECOMMENDATIONS.

4.2 RECOMMENDATION: Improve Monitoring and Documentation of Daily Financial Transactions

Denver Golf should document financial review policies and procedures for golf professionals to monitor daily financial transactions such as voids and rain checks, and to ensure financial transactions are appropriate and in accordance with Golf internal policies and the city’s Financial Accountability Rules.

AGENCY RESPONSE: AGREE, IMPLEMENTATION DATE – APRIL 1, 2022
SEE PAGE 40 FOR THE AGENCY’S FULL RESPONSE TO OUR RECOMMENDATIONS.
8/27/2021

Auditor Timothy M. O’Brien, CPA
Office of the Auditor
City and County of Denver
201 West Colfax Avenue, Dept. 705
Denver, Colorado 80202

Dear Mr. O’Brien,

The Office of the Auditor has conducted a performance audit of Denver Golf Operations.

This memorandum provides a written response for each reportable condition noted in the Auditor’s Report final draft that was sent to us on August 25, 2021. This response complies with Section 20-276 (c) of the Denver Revised Municipal Code (D.R.M.C.).

AUDIT FINDING 1
Denver Golf Customer Experience Should Be Improved

RECOMMENDATION 1.1
Denver Golf should complete a project to assess the golfer database and eliminate or combine duplicate customer and loyalty accounts to improve the golfer check-in process by April 2022.

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<tr>
<td>Agree</td>
<td>9/01/22</td>
<td>Scott Rethlake 720-913-0761</td>
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Narrative for Recommendation 1.1
Agency target is September 1, 2022 as agency is dependent on vendor for assistance with this issue. Therefore, agency is working with vendor and their availability to assist with minimizing this duplication. As discussed during the Audit process, Denver Golf is currently working on cleaning up the database with our vendor. The vendor has recently added functionality to reduce duplicates going forward.
RECOMMENDATION 1.2
Denver Golf should prioritize safety issues by addressing the following as soon as possible: the storm shelters at Kennedy, Overland, and Evergreen have loose nails, bricks, and/or roof tiles that golf course maintenance should address.

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Narrative for Recommendation 1.2
While Denver Golf does prioritize safety issues, we agree to address these minor safety findings.

RECOMMENDATION 1.3
Denver Golf should address these specific issues within Finding 1 to ensure a high-quality customer experience at Kennedy Golf Course by April 2022:
- Cracks and peeling paint on the clubhouse.
- Large holes in the outside restaurant wall.
- Old tables and rusting railings in the patio area.
- Dead cottonwood tree at Hole 6 that could develop into a safety hazard.
- Potholes on cart path at Hole 9.
- Worn starter desk.
- Weather-worn storm shelter with graffiti.
- Broken benches.

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Narrative for Recommendation 1.3
Yes, Denver Golf agrees to address the issues by the date listed above. These are minor maintenance issues, that are common with aging facilities, which are addressed as quickly as limited resources allow. Major safety issues are always prioritized over aesthetics.

RECOMMENDATION 1.4
Denver Golf should address these specific issues within Finding 1 to ensure a high-quality customer experience at Wellshire Golf Course by April 2022:
- Main entrance sign that does not advertise golf.
- Worn storm shelter at Hole 13.
- Dead and dying trees to the right and along Hole 13 and near the tee box of Hole 14.
- Worn bar and restroom with paint peeling at Hole 5.
- Some potholes on cart path at Hole 16.
Narrative for Recommendation 1.4
Yes, Denver Golf agrees to address the issues by the date listed above. These are minor maintenance issues, that are common with aging facilities, which are addressed as quickly as limited resources allow. Major safety issues are always prioritized over aesthetics.

RECOMMENDATION 1.5
Denver Golf should address these specific issues within Finding 1 to ensure a high-quality customer experience at Evergreen Golf Course by April 2022:
- Debris pile at Hole 3.
- Bathroom at Hole 5 needs repainting and roof maintenance.
- Graffiti on the storm shelter.

Narrative for Recommendation 1.5
Yes, Denver Golf agrees to address the issues by the date listed above. These are minor maintenance issues, that are common with aging facilities, which are addressed as quickly as limited resources allow. Major safety issues are always prioritized over aesthetics.

AUDIT FINDING 2
Denver Golf Does Not Have a Current Strategic Plan and Has Not Documented Organizational Priorities and Goals

RECOMMENDATION 2.1
Denver Golf should create and document a strategic plan based on best practices, such as the Government Finance Officers Association, that includes actionable goals by April 2022. Golf management should include procedures to periodically assess and update the strategic plan based on internal and external factors such as safety, customer experience, and economic factors.
Narrative for Recommendation 2.1
Due to Denver Golf being a service-based demand responsive organization our goals of providing the best value, customer service, being stewards of the environment, good members of the community and inclusivity don’t change. We keep up with industry best practices. We use the Parks and Recreation Departmentwide Game Plan for a Healthy City as our guidance.

RECOMMENDATION 2.2
Denver Golf should develop an action plan to describe how strategies will be implemented, including activities to be performed, estimated associated costs, designation of responsibilities, priority levels, and time frames by April 2022.

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Narrative for Recommendation 2.2
Denver Golf sets annual goals and objectives that relate to Denver Golf’s strategies and the Parks and Recreation Game Plan which are included in each employee’s annual performance objectives.

RECOMMENDATION 2.3
Denver Golf should develop measurable objectives to monitor progress on achieving goals outlined in the strategic plan by April 2022. Progress towards meeting goals should be monitored and Denver Golf should adjust the plan as needed.

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Narrative for Recommendation 2.3
Denver Golf sets annual goals and objectives that relate to Denver Golf’s mission, vision, values and the Parks and Recreation Game Plan and are included in each employee’s annual performance objectives. Golf has monthly supervisor meetings to discuss our goals objectives and progress. Supervisors meet with staff regularly to discuss goals, objectives and progress.

RECOMMENDATION 2.4
Denver Golf should combine capital improvement documentation into a comprehensive capital improvement plan and ensure that it aligns with strategic priorities by April 2022. Denver Golf's comprehensive capital improvement plan should be based on best practices, such as the elements of capital improvement planning created by the Government Finance Officers Association.

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AUDIT FINDING 3
Denver Golf Is Not Maximizing Revenue

RECOMMENDATION 3.1
Denver Golf should continue to work with Technology Services, the City Attorney’s Office, and Department of Finance staff on the credit card integration project. If credit cards are unable to be integrated by the end of summer 2021, Golf should work with those agencies to begin the procurement process for a new system with fully integrated credit card functionality, including the ability to charge customers a nonrefundable pre-booking fee.

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Narrative for Recommendation 3.1
Denver Golf agrees we need a credit card integration, we have been trying to implement a credit card integration for several years and continue to work through this challenge. We are working with the City’s Technology Department, Finance Department and the City Attorney’s Office to find an acceptable solution. Our control of this situation is limited so we are unable to guarantee a date for implementation.

RECOMMENDATION 3.2
Once Denver Golf has the ability to charge a nonrefundable pre-booking fee and allow guests to prepay, policies and procedures should be updated to reflect nonrefundable pre-booking fees for golfers decided upon by management.

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Narrative for Recommendation 3.2
Since this is directly connected to the challenges with credit card processing, we can’t commit to a defined solution by a specific date.

AUDIT FINDING 4
Denver Golf Should Improve Monitoring and Documentation of Daily Financial Transactions

RECOMMENDATION 4.1
Denver Golf should ensure authorized employees are approving transactions in the point of sale system according to the individual course policies including separating duties between cashiers and supervisors with proper authority to enter voids and cash refunds.

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Narrative for Recommendation 4.1
Denver Golf agrees that voids should only be done by authorized personnel. This issue has already been resolved and validated by the audit team. Denver Golf believes, refunds must be given on the spot to ensure a positive customer experience. Managers can’t always be present to supervise a clerk providing a refund. The Point of Sale system records an audit trail for every transaction including refunds and voids.

RECOMMENDATION 4.2
Denver Golf should document financial review policies and procedures for golf professionals to monitor daily financial transactions such as voids and rain checks to ensure financial transactions are appropriate and in accordance with Golf internal policies and the city’s Financial Accountability Rules.

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Narrative for Recommendation 4.2
Denver Golf agrees and will better document the policy by the date listed above.

Please contact Scott Rethlake at 720-913-0761 with any questions.

Sincerely,

Scott Rethlake
Director of Golf

cc: Valerie Walling, CPA, Deputy Auditor
Dawn Wiseman, CRMA, Audit Director
Cody Schulte, CPA, CIA, Audit Manager
AUDITOR’S ADDENDUMS

Auditor’s Addendum to Agency Response for Recommendation 2.1

Denver Golf does not have an up-to-date strategic plan and has not documented organizational priorities. Denver Golf’s response says that its goals are unchanging; however, as we said in the report, the Government Finance Officers Association says that strategic planning helps organizations use resources effectively to “bridge the gap” between the status quo and future vision by connecting available resources to future objectives. Without documented goals and measurable objectives, it is difficult for external stakeholders to evaluate Denver Golf’s progress in meeting these goals over time.

Denver Golf’s response says that it uses the Parks and Recreation “Game Plan for a Healthy City” as guidance for strategy; however, they never referred to the plan during audit fieldwork, the fieldwork exit, or the exit conference which indicates that it is not used as a strategic document for Golf. Additionally, as the plan is the Department of Parks and Recreation's strategy and goals for the whole city, it is not designed to be fully comprehensive to Golf’s specific needs as an independent enterprise. As noted in this audit report, Denver Golf does not have a strategic plan because management chose not to update the old strategic plan from 2011.

Auditor’s Addendum to Agency Response for Recommendation 2.2

According to the Government Finance Officers Association, an effective strategic plan based on best practices should include an action plan with measurable goals and objectives. An action plan outlines how strategies are executed and includes details such as specific tasks, costs, responsibility assignments, priorities, and timelines for organizations to achieve strategic objectives. Denver Golf’s response says that it sets annual goals and objectives related to Golf’s strategies and the Parks and Recreation game plan. However, Golf failed to provide any documentation during audit fieldwork, the fieldwork exit, or the exit conference showing how goals and objectives will be met and how they align with strategies and goals in the game plan.

Auditor’s Addendum to Agency Response for Recommendation 2.3

Denver Golf’s reply suggests that its measurable goals and objectives are included in employee performance objectives. While individual employee contributions toward organizational objectives are important, the spirit of this recommendation is to systematically review and document organizational progress over time. Again, the Government Finance Officers Association says that the purpose of a strategic plan and measurable objectives is to shape an organization’s future rather than merely reacting to current challenges or problems. The monthly meetings mentioned in Golf’s reply were acknowledged in the report. However, the notes did not provide evidence that measurable objectives were discussed. As a result, we found that Denver Golf is not creating measurable goals and objectives in line with leading practices.

Auditor’s Addendum to Agency Response for Recommendation 2.4

According to leading practices issued by the Government Finance Officers Association, government organizations should establish capital planning, budgeting, and reporting practices to encourage efficient spending. In the report, we provide a detailed summary of the elements required by the Government Finance Officers Association for an effective capital improvement plan. Denver Golf’s response says that it does have
a long-range capital improvement and maintenance list for each facility, including a procedure to prioritize projects.

The report contains a detailed acknowledgment that Golf does have some capital improvement planning documentation. However, we also explain in detail how the documentation is fragmented and incomplete. For example, the capital improvement tracker is missing a significant amount of important information, such as projected completion dates for many of the projects. In addition, there is no methodology showing how Golf arrived at its conclusions regarding categories such as return on investment. Even when viewed holistically and compared against leading practices issued by the Government Finance Officers Association, Golf's current fragmented capital improvement planning documents fall short.
OBJECTIVE

To determine whether Denver Golf is meeting key mission and performance objectives.

SCOPE

We evaluated how Denver Golf maintains its golf courses to provide excellent customer service, and how that aligns with its internal goals and mission statement. We did not review the Department of Transportation & Infrastructure’s performance on Golf projects. We conducted our survey of Denver Golf club members between Feb. 26, 2021, and March 22, 2021, and our survey of Denver Golf cashiers between March 16, 2021, and March 30, 2021.

We visited the golf courses to see operations between April 7, 2021, and May 6, 2021, to determine whether Denver Golf management appropriately meets its goals and determines the adequacy and efficiency of operations. We also conducted a review of Denver Golf’s internal no-show cost analysis for the years 2019 and 2020 to understand potential lost revenue and assess how the cashiering and tee time reservation system could improve on efficiency and profitability across the organization.

METHODOLOGY

We used several methodologies to gather and analyze information related to the audit objectives. The methodologies included but were not limited to:

- Surveying men’s and women’s club members as a benchmark to conduct site visits at the golf courses and assess customer experience.
- Surveying cashiers to understand challenges with the cashiering system.
- Observing conditions at golf clubhouses, restaurants, bathrooms, and courses.
- Interviewing Denver Golf management to understand Golf’s strategic plan and approach for capital improvements and maintaining golf course grounds.
- Conducting a gap analysis between Denver Golf’s documents and strategic plan and capital improvement plan using criteria from the Government Finance Officers Association.
- Performing interviews and observations with golf professionals and cashiers at each Denver Golf course.
to learn about policies and procedures and to discuss the point of sale system including any EZLinks inefficiencies potentially causing slower cashiering and diminishing customer service.

- Conducting analysis comparing each course-specific manual to each other to highlight any missing/incomplete information.
- Gathering evidence and interviewing Denver Golf, City Attorney’s Office, Department of Finance, and Technology Services staff to determine why the Golf systems lack credit card integration and why the project has been delayed.
- Analyzing Golf’s internal no-show cost analysis to determine potential lost revenue to the City and County of Denver while benchmarking no-show and cancellation policies compared to competing local municipal golf courses in Westminster and Lakewood.
- Assessing compliance with applicable policies for fraud prevention and cash-handling procedures against both federal requirements and the city’s Fiscal Accountability Rules.
The Auditor of the City and County of Denver is independently elected by the residents of Denver. He is responsible for examining and evaluating the operations of city agencies and contractors for the purpose of ensuring the proper and efficient use of city resources. He also provides other audit services and information to City Council, the mayor, and the public to improve all aspects of Denver’s government.

The Audit Committee is chaired by the Auditor and consists of seven members. The Audit Committee assists the Auditor in his oversight responsibilities regarding the integrity of the city’s finances and operations, including the reliability of the city’s financial statements. The Audit Committee is structured in a manner that ensures the independent oversight of city operations, thereby enhancing residents’ confidence and avoiding any appearance of a conflict of interest.

Our Mission

We deliver independent, transparent, and professional oversight in order to safeguard and improve the public’s investment in the City and County of Denver. Our work is performed on behalf of everyone who cares about the city, including its residents, workers, and decision-makers.