

**Ventana Grille Follow-Up Audit  
January 2015**

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City Auditor's Office

January 27, 2015

Honorable Mayor and Members of the City Council:

I am pleased to present the Ventana Grille Follow-Up Audit report. The audit objective was to determine the implementation status of prior audit recommendations.

Audit follow-up results indicate that management fully implemented ten, and partially implemented two, prior audit recommendations.

We would like to thank the Golf Administrative personnel for their cooperation during the audit and their implementation of our prior audit recommendations.

*Lori Brooks*

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City Auditor

c: Trey Yelverton, City Manager  
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# Ventana Grille Follow-Up Audit Report

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## ***Executive Summary***

***Ten of twelve prior audit  
recommendations were  
fully implemented***

### ***Fully Implemented***

*Reconcile alcohol, food and  
beverage purchases*

*Document the review of  
periodic inventory counts*

*Appropriately record  
liquor inventory*

*Review inventory and sales  
analysis reports*

*Identify menu changes*

*Develop a marketing plan*

*Obtain a new insurance  
policy*

*Reduce beer, liquor and  
wine selections*

*Evaluate operating hours*

### ***Partially Implemented***

*Analysis of Coca-Cola  
contract*

*Request allocation of Coca-  
Cola sponsorship money*

The City Auditor's Office has completed a follow-up audit of the Ventana Grille Audit released in April 2014. The audit was conducted 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. The audit objective was to determine the implementation status of prior audit recommendations.

Management concurred with all twelve recommendations in the initial audit report. Audit follow-up indicates that Management fully implemented ten, and partially implemented two, prior audit recommendations.

Ventana Grille management has fully implemented the following:

- Established a process to reconcile alcohol and food/beverage purchases within the Lawson Financial System and the Chef Tech System
- Began documenting their review of the weekly alcohol and monthly food and beverage inventories
- Recorded liquor inventory according to the optimal number of servings per bottle
- Reviewed food and beverage inventories, as well as other sales analysis reports, to help identify shrinkage, spoilage and high cost menu items
- Validated the accuracy of information within Chef Tech to ensure that sales and inventory analysis reports are accurate, to assist in identifying needed menu changes
- Developed a marketing plan through the Parks and Recreation Department
- Obtained new insurance policies that will allow the Ventana Grille to resume catering efforts at the Bob Duncan Center and other City facilities
- Established an on-going process to reduce the number of poor selling alcoholic products (i.e. beer, liquor and wine) that were obtained from the dissolution of the private club

- Evaluated the operating hours of the Ventana Grille and reduced the hours on certain days of the week

Management partially implemented the following, related to previous recommendations:

- In FY09, Golf management prepared an initial cost analysis of the impact that the Coca-Cola contract (effective 1/1/10) would have on Ventana Grille revenue and presented it to City management. Golf management is currently in the process of updating this analysis (with actual costs through the first 5 years) to determine the contract's actual impact on Ventana Grille's operating costs.
- Once the above mentioned cost analysis is updated, the information will be presented to the Office of Management and Budget and to the City Manager's Office. Golf management may then request an allocation method to share future sponsorship money (from the Coca-Cola contract) with Enterprise Funds to offset increased costs of purchasing inventory.

For additional details, please see the recommendation matrix beginning on page 4 of this report.

## ***Audit Scope and Methodology***

The following methodology was used in completing the audit.

- Reviewed the reconciliation process for verifying the accuracy of alcohol and food/beverage purchase data entry into the Chef Tech and Lawson systems
- Reviewed the weekly alcohol and monthly food/beverage inventories
- Calculated and verified the optimal number of servings per bottle of liquor
- Reviewed reports used to help identify shrinkage, spoilage and high cost menu items
- Reviewed the process by which staff ensures the accuracy of information in the Chef Tech system
- Reviewed the Parks and Recreation Department Marketing Plan
- Reviewed the insurance policy that allows the Ventana Grille to resume catering efforts
- Discussed the Ventana Grille hours of operation with management
- Reviewed Golf management's initial cost analysis of the Coca-Cola contract

### Status of Prior Audit Recommendations

AUDIT RECOMMENDATION	CONCUR / DO NOT CONCUR	MANAGEMENT'S RESPONSE	RESPONSIBLE PARTY	DUE DATE	IMPLEMENTATION STATUS
1. The Director of Parks and Recreation should ensure that staff periodically reconciles alcohol purchases recorded in the Lawson Financial System to alcohol purchases recorded in Chef Tec.	Concur	Beginning mid-February 2014, Golf Operations Administrator began to reconcile entries into Chef Tec with purchases recorded in Lawson by reviewing vendor statements to make sure payment was either made or is in process, review of GL290's and by comparing Chef Tec invoice entry report to the actual vendor invoice for accuracy.	Golf Operations Administrator and Restaurant Manager	Complete and On-going	Implemented.  Golf management has established a process to ensure the accurate entry of alcohol purchases within the Lawson and Chef Tech systems. The restaurant manager receives deliveries and enters purchases into the Chef Tech system. Documentation is then given to the Golf Operations Administrator who verifies the data entry and ensures proper payment through the Lawson Financial System.
2. The Director of Parks and Recreation should require that the Golf Operations Manager or his designee document the review of weekly alcohol and monthly food and beverage inventories, indicating approval of any steps taken to investigate and resolve significant discrepancies.	Concur	Review of weekly alcoholic beverage and monthly food and beverage inventories take place during weekly Ventana Grille Business Meeting, typically held on Mondays. Restaurant Manager is to bring printed inventory with any variances identified and steps for reconciliation outlined in memo format for significant variances.	Golf Operations Manager, Golf Operations Administrator and Restaurant Manager	Complete and On-going	Implemented.  Inventory count sheets are discussed during the weekly staff meeting. Additionally, a memo describing significant discrepancies is provided and discussed. Audit selected a sample of alcohol and food/beverage inventories for review. The alcohol inventory sheets included evidence of review by the Golf Services Director; however, not all food/beverage inventory sheets included this evidence.
3. The Director of Parks and Recreation should require that Ventana Grille staff identify and record liquor servings	Concur	Liquor servings per liter bottle were changed from the 22 pours established when the alcohol portion was owned by the private club to	Golf Operations Manager and Restaurant Manager	Complete and On-going	Implemented.  The liquor inventory is now being recorded accurately. A

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based on the optimal number of servings per bottle.		the maximum number of possible servings per liter bottle, which are 27 units; and for the 750 ml bottles equivalent to 20 pours per bottle. The 22 pours previously used is a standard that is utilized in restaurants and bars to compensate inventories for spillage and other serving factors. These are now recognized and adjusted through the weekly inventory process. This change was made the first week of December, 2013.			sample of liquor selections was tested to verify that the inventory is recorded based on the maximum number of servings per bottle, as stated. No exceptions were noted.
4. The Director of Parks and Recreation should ensure that staff periodically reconciles food and beverage purchases recorded in the Lawson Financial System to food and beverage purchases recorded in Chef Tec.	Concur	Beginning mid-February 2014, Golf Operations Administrator began to reconcile entries in Chef Tec with purchases recorded in Lawson by reviewing vendor statements to make sure payment was either made or is in process, reviewing GL290's and by comparing Chef Tec invoice entry report to the actual vendor invoice for accuracy.	Golf Operations Administrator and Restaurant Manager	Complete and On-going	Implemented.  Golf management has established a process to ensure the accurate entry of food and beverage purchases within the Lawson and Chef Tech systems. The restaurant manager receives deliveries and enters purchases into the Chef Tech system. Documentation is then given to the Golf Operations Administrator who verifies the data entry and ensures proper payment through the Lawson Financial System.
5. The Director of Parks and Recreation should require that the Restaurant Manager conduct monthly food and beverage inventories and produce inventory and sales analysis reports that will help identify shrinkage, spoilage and	Concur	The Restaurant Manager currently conducts monthly food and beverage inventories. We will utilize the reports available in Chef Tec, along with the point of sale system, to produce reports to identify shrinkage, spoilage and menu items that may need	Restaurant Manager, Golf Operations Administrator and Golf Operations Manager	Complete and On-going	Implemented.  The Restaurant Manager performs a monthly food and beverage inventory, which is discussed during the weekly staff meeting.

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<p>menu items with high costs.</p>		<p>modification or elimination due to high margins and/or low customer sales. Golf Administration will also review on a quarterly basis to aide in menu adjustments. Specific reports that will be used are:</p> <p><b>Chef Tec Program</b>  Purchases: Detailed purchases; Food purchases by period; Summary of invoice</p> <p>Inventory: Extensions; Physical inventory worksheet; Inventory on hand; Location on inventory items; Percentage food cost by category; Recipes using and inventory item; Overall percentage food costs</p> <p>Sales: Sales breakdown; Sales by number sold; Sales by contribution to profit; Sales by category (rank by number sold); Sales by category (rank by profit)</p> <p><b>Pro Shop Keeper Program</b>  Daily and Sales Reports: Sales by Category type; Sales by hour detail; Sales transaction report; Sales person daily cash out; Void Items; Balance cash drawer with credit card tips</p> <p><b>Interface and Excel</b>  Sales Extension from Pro Shop Keeper to Chef Tech; Daily and monthly revenue entry</p>			<p>In addition, the Restaurant Manager reviews other reports on a regular basis to help monitor the inventory. Those reports include: 1) Sales by Number Sold; 2) Sales by Contribution to Profit; and 3) Sales by Category (rank by number sold and by contribution to profit).</p> <p>Through this process, several slow moving items have been removed from the menu. Also, menu items that have a food cost greater than 35% are reviewed closely.</p>

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6. The Director of Parks and Recreation should ensure that staff verifies and validates the accuracy of Chef Tec sales and inventory analysis reports so that the reports can be relied upon to help identify menu changes and product placement.	Concur	As the recipe feature in Chef Tec drives the analysis component of both existing product as well as future items, each recipe will be reviewed for portion, item content, standardization of measurement and product pricing. We will utilize the reports available to help identify menu changes and product placement.	Restaurant Manager, Golf Operations Administrator and Golf Operations Manager	June 13, 2014	<p>Implemented.</p> <p>According to management, each recipe has been reviewed by the Restaurant Manager to ensure accurate portion size, content and pricing.</p> <p>Reports, as noted on #5 above, are also used to identify necessary menu changes.</p>
7. The Director of Parks and Recreation should ensure that Ventana Grille management develops an annual marketing plan and establishes specific goals to measure the effectiveness of marketing efforts.	Concur	The Parks and Recreation Department has been working on a Marketing Plan over the course of the last year. The plan is set to be completed in May of 2014. The plan not only outlines efforts for Ventana Grille, but all Golf business units and efforts to improve marketing across the entire department. Performance measures will be outlined within a dashboard of information to track success and/or failure. These performance measurements will include, but not limited to, food and beverage revenue per player, event attendance, catering events and customer surveys.	Marketing and Enterprise Development Manager and Marketing and Enterprise Development Coordinator	May 31, 2014	<p>Implemented.</p> <p>The Parks and Recreation Department has developed a marketing plan for the entire department, including Golf and Ventana Grille.</p> <p>In addition, the Parks and Recreation Marketing Division has developed other activities to help promote or market the Ventana Grille, including:</p> <ol style="list-style-type: none"> <li>1) Facebook advertising</li> <li>2) Private event brochures</li> <li>3) New catering menu</li> <li>4) Emails and/or texts to E-Club subscribers for upcoming events</li> <li>5) Ads in local magazines and on billboards/banners around Arlington and Mansfield</li> </ol>
8. The Director of Parks and Recreation should ensure that Ventana Grille management coordinates with the Risk	Concur	Over the last 18 months the Parks and Recreation Department has been working to solve an insurance challenge that halted the	Risk Management Office, Enterprise Programs Assistant Director and Golf	April 1, 2014, Complete and On-going	<p>Implemented.</p> <p>As of April 1, 2014, the Risk Management Division</p>

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<p>Management Division to identify insurance alternatives that would allow the Ventana Grille to resume catering efforts at the Bob Duncan Community Center or other City facilities.</p>		<p>catering services that Ventana Grille provided at city facilities, such as, but not limited to, the Bob Duncan Center (BDC).</p> <p>Since approximately 2010, Ventana Grille has been the preferred caterer at the BDC. The ability to provide this service reached a stumbling block in 2012 when the department was informed that an insurance policy would be required every time a catering event would be held regardless of it being at a city facility. The Parks and Recreation staff worked with members of Human Resources during this timeframe to identify opportunities in which a policy could be acquired by the city that would provide "blanket" coverage for all events at all city facilities. As of March of 2014, a policy has been finalized that will allow Ventana Grille to resume catering at city facilities. Catering will begin effective immediately following the implementation of the policy.</p>	Operations Manager		<p>executed insurance policies, which will allow the Ventana Grille to resume catering efforts at the Bob Duncan Community Center and other City facilities. The current policy expires on April 1, 2015.</p>
<p>9. The Director of Parks and Recreation should ensure that Ventana Grille management determines whether further reductions to the beer, liquor and wine selections are warranted.</p>	Concur	<p>Further reductions for the beer, liquor and wine selections will continue to occur. With the dissolution of the private club, Ventana Grille inherited a large variety of selections for a nominal amount that proved to be poor selling products. On-going and continuing efforts are being made to</p>	Restaurant Manager and Golf Operations Manager	Complete and On-going	<p>Implemented.</p> <p>A comparison of the April 6, 2014 inventory and the November 2, 2014 inventory indicates inventory of slow-moving beer, liquor and wine selections has been reduced. Management believes they</p>

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		monitor sales to further provide inventory levels that meet customer demand.			now have a reasonable inventory that meets the clients' needs.
10. The Director of Parks and Recreation should determine whether operating hours or operations should be reduced during inclement weather and/or off-seasons and establish specific guidelines on how such decisions should be made.	Concur	The Golf business unit will evaluate current operations including seeking the optimal configuration of operating hours to support long-term success of the restaurant. Additional opportunities will also be evaluated that will potentially increase walk-in and catering business.	Restaurant Manager, Golf Operations Administrator, Golf Operations Manager, Purchasing Agent and Consultant	August 31, 2014	Implemented.  Beginning in November (end of Daylight Savings Time), the operating hours for Ventana Grille were reduced by 2 hours on Sunday – Thursday and by 1 hour on Friday and Saturday. Operating hours on inclement weather days are determined, based on the specific circumstances. Other possible reductions are being reviewed, based on demand for walk-in customers.  The addition of a Tournament & Events Coordinator will place an emphasis on booking special events and receptions in lieu of walk-in traffic.
11. The Director of Parks and Recreation should ensure that staff calculates and communicates the impact of the Coca-Cola agreement to department and City management for internal analysis.	Concur	The Parks and Recreation Department will create a spreadsheet that analyzes cost and products purchased since the beginning of the Coca-Cola contract. This will provide details estimating the increased cost that the contract has delivered to the Golf business units. This analysis will be provided to the City Manager's Office and Office of Management and Budget for review.	Restaurant Manager, Golf Operations Administrator and Golf Operations Manager	June 30, 2014	Partially Implemented.  Prior to the execution of the Coca-Cola contract, a cost analysis was prepared and presented to City management identifying the impact on operations. Golf Administration is in the process of updating the analysis, with actual 5-year data (CY10 – CY14), to demonstrate the current financial impact of these costs

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					associated with this contract.
12. The Director of Parks and Recreation should consider requesting that an allocation method be developed to allocate future sponsorship money to enterprise funds to offset the increased costs of purchasing inventory for resale.	Concur	The Parks and Recreation Department has submitted a request to the Office of Management and Budget to identify a method and process in which the increased cost for the purchase of products as an impact from the Coca-Cola contract could be transferred to various Performance Fund accounts. This will include accounts such as, but not limited to, Golf and Tennis.	Restaurant Manager, Golf Operations Administrator, Golf Operations Manager, Assistant Director of Enterprise Programs	July 31, 2014	Partially Implemented.  Once the above mentioned cost analysis is complete, Parks Administration will present the information to the Office of Management and Budget and to the City Manager's Office to discuss the possible allocation of Coca-Cola sponsorship money to Enterprise Funds.