

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Auditor-Controller	(2) MEETING DATE October 4, 2011	(3) CONTACT/PHONE K. Bailey (805) 788-2979	
(4) SUBJECT Report of the financial review of the concession contracts with Golden State Golf Company; Comerford, Inc.; Phillip Riccomini; 4 To Go, Inc.; and Anvi, Inc. for the fiscal year ended June 30, 2010.			
(5) SUMMARY OF REQUEST We determined three concessionaires, in all material respects, to be in financial compliance with the individual contracts. All concessionaires had adequate internal controls and insurance coverage. We identified two concessionaires not in financial compliance with their individual contracts. One concessionaire underpaid the County \$694. One concessionaire overpaid the County \$844.06. These items are detailed in the attached report along with the General Services Agency's response			
(6) RECOMMENDED ACTION It is recommended that the Board receive and file the financial review of the concession contracts.			
(7) FUNDING SOURCE(S) N/A	(8) CURRENT YEAR FINANCIAL IMPACT N/A	(9) ANNUAL FINANCIAL IMPACT N/A	(10) BUDGETED? <input type="checkbox"/> No <input type="checkbox"/> Yes <input checked="" type="checkbox"/> N/A
(11) OTHER AGENCY INVOLVEMENT/IMPACT (LIST): General Services Agency			
(12) WILL REQUEST REQUIRE ADDITIONAL STAFF? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, How Many? ____ <input type="checkbox"/> Permanent ____ <input type="checkbox"/> Limited Term ____ <input type="checkbox"/> Contract ____ <input type="checkbox"/> Temporary Help ____			
(13) SUPERVISOR DISTRICT(S) <input type="checkbox"/> 1st, <input type="checkbox"/> 2nd, <input type="checkbox"/> 3rd, <input type="checkbox"/> 4th, <input type="checkbox"/> 5th, <input checked="" type="checkbox"/> All	(14) LOCATION MAP <input type="checkbox"/> Attached <input checked="" type="checkbox"/> N/A	(15) MADDY ACT APPOINTMENTS Signed-off by Clerk of the Board: <input checked="" type="checkbox"/> N/A	
(16) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Hearing (Time Est. _____) <input type="checkbox"/> Presentation <input type="checkbox"/> Board Business (Time Est. _____)	(17) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions (Orig) <input type="checkbox"/> Contracts (Orig + 3 Copies) <input type="checkbox"/> Ordinances (Orig) <input checked="" type="checkbox"/> N/A <input type="checkbox"/> Email Resolution and Ordinance to CR_Board_Clerk (in MS Word)		
(18) NEED EXTRA EXECUTED COPIES? <input type="checkbox"/> Number: _____ <input type="checkbox"/> Attached <input checked="" type="checkbox"/> N/A	(19) BUDGET ADJUSTMENT REQUIRED? <input type="checkbox"/> BAR ID Number: _____ <input type="checkbox"/> 4/5th's Vote Required <input checked="" type="checkbox"/> N/A		
(20) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A	(21) W-9 <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	(22) AGENDA ITEM HISTORY <input checked="" type="checkbox"/> N/A Date _____	
(23) ADMINISTRATIVE OFFICE REVIEW <div style="text-align: center; font-family: cursive; font-size: 2em; margin-top: 20px;">Nikki Schmet</div>			

County of San Luis Obispo
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TO: HONORABLE BOARD OF SUPERVISORS

FROM: GERE W. SIBBACH, AUDITOR-CONTROLLER *37 J.S.*

DATE: OCTOBER 4, 2011

SUBJECT: REVIEW FINANCIAL REVIEW OF THE CONCESSION CONTRACTS WITH GOLDEN STATE GOLF COMPANY; COMERFORD, INC.; PHILLIP RICCOMINI; 4 TO GO, INC.; AND ANVI, INC.

Recommendation

It is recommended that the Board receive the item and file.

Discussion

Currently, the General Services Agency contracts with five concessionaires, operating at six locations, which pay rent to the County based on a variety of fiscal agreements specific to each concessionaire. The concessionaires we reviewed are responsible for the operations of the three County golf courses, the Courthouse Café in San Luis Obispo, and the marina and water park at Lopez Lake.

The purpose of our review was to determine whether the concessionaires' internal controls were adequate to safeguard and accurately account for cash and whether rent payments were accurately calculated and remitted in a timely manner to the County. We also determined whether the concessionaires maintained the level of insurance required in the contracts.

Other Agency Involvement/Impact

None

Financial Considerations

The concessionaires remitted \$2,767,755 in total rent during the year under review.

Results

We determined three concessionaires, in all material respects, to be in financial compliance with the individual contracts. All concessionaires had adequate internal controls and insurance coverage. We identified two concessionaires not in financial compliance with their individual contracts. These items are detailed in the attached report along with the General Services Agency's response.

Implementing the recommendations outlined in the attached report will improve the concessionaires' compliance and support departmental monitoring consistent with the County's vision of a livable and well-governed community.



County of San Luis Obispo General Services Agency

COUNTY PARKS

Janette D. Pell, Director

Curtis Black, Deputy Director

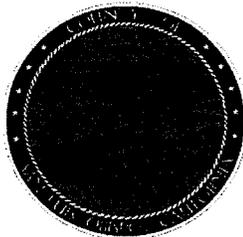
TO: Board of Supervisors
FROM: *Janette D Pell*
Janette Pell, General Services Agency Director
DATE: September 16, 2011
RE: Response to the review of the Concession Contracts

Thank you for your review of our five concession contracts for the period ending June 30, 2010, and subsequent two recommendations.

We will collect the balance owed by one concession (\$694.07) to County Parks as well as refund an overpayment to another concession (\$844.06).

County Parks and Golf will also be implementing a process requesting our concessionaires submit financial statements with their remittances. This will minimize the possibility of this situation recurring in the future. We will also continue to work with the concessionaires to ensure that they remain in financial compliance with their contracts.

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TO: JANETTE PELL, GENERAL SERVICES AGENCY DIRECTOR

FROM: GERE SIBBACH, AUDITOR-CONTROLLER

VIA: JAMES P. ERB, ASSISTANT AUDITOR-CONTROLLER *J. P. Erb*

DATE: SEPTEMBER 14, 2011

SUBJECT: FINANCIAL REVIEW OF THE CONCESSION CONTRACTS WITH GOLDEN STATE GOLF COMPANY; COMERFORD, INC.; PHILLIP RICCOMINI; 4 TO GO, INC.; AND ANVI, INC.

Our office recently completed a financial review of Golden State Golf Company; Comerford, Inc.; Phillip Riccomini; 4 To Go, Inc.; and Anvi, Inc. for the fiscal year ended June 30, 2010.

Background

Currently, the General Services Agency contracts with five concessionaires, operating at six locations, which pay rent to the County based on a variety of fiscal agreements specific to each concessionaire. The concessionaires are responsible for the operations of the three County golf courses, the Courthouse Café in San Luis Obispo, and the marina and water park at Lopez Lake. The concessionaires remitted \$2,767,755 in total rent during the year under review.

Purpose

The purpose of our review was to determine whether the concessionaires' internal controls were adequate to safeguard and accurately account for assets and whether rent payments were accurately calculated and remitted in a timely manner to the County. We also determined whether the concessionaires maintained the level of insurance required in the contracts.

Scope

Our review included testing and analysis of the concessionaires' accounting records, cash receipts, rent payments, contracts and insurance statements for the year ended June 30, 2010. We also tested the recording of rent payments and timeliness of cash deposits for the same year.

Methodology

We conducted interviews and physical observations to evaluate internal controls. We performed detail testing and analysis of concessionaires' accounting records, cash receipts, and rent calculations and payments. We also reviewed insurance statements to determine the level of insurance maintained by the concessionaires. Lastly, we performed testing to determine whether rent payments were recorded accurately and deposited intact and in a timely manner.

Results

We determined four locations, in all material respects, to be in financial compliance with the individual contracts, and all concessionaires had adequate internal controls and insurance coverage.

We identified two locations not to be in financial compliance with their individual contracts. These items are discussed in the Findings and Recommendations section of this report.

Findings and Recommendations

1. Under Reporting of Gross Receipts

We determined one concessionaire under reported gross receipts resulting in an underpayment of \$694 of rent due to the County. The concessionaire was required to remit 12% of gross receipts to the County for rent; however, due to errors in calculations, the full amount of rent due was not remitted.

Recommendation:

The concessionaire must remit the \$694.07 in rent due to the County.

2. Over Reporting of Gross Receipts

We determined one concessionaire over reported gross receipts resulting in an overpayment of \$844.06 of rent to the County. The concessionaire was required to remit 100% of green fees and surcharges, and 23% of golf cart fees to the County for rent; however, due to errors in recording, the rent remitted was in excess of the rent due.

Recommendation:

The County must reimburse the \$844.06 in overpaid rent to the concessionaire.

We would like to thank General Services Agency management and staff, and each of the concessionaires for their cooperation during our review.