



Angelina “Angel” Colonnese

CLERK OF THE CIRCUIT COURT AND COMPTROLLER OF MANATEE COUNTY

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MEMORANDUM

TO: Charlie Hunsicker, Parks and Natural Resources Department Director

FROM: Lori Stephens, Inspector General *Lori Stephens*

DATE: April 23, 2020

RE: Pope Golf Contract Follow-up Audit #2

The Division of Inspector General has completed a follow-up audit of the Parks and Natural Resources (PNR) Department’s franchise license agreement with Pope Golf, LLC, (Pope Golf) based on the Clerk of the Circuit Court’s follow-up audit memorandum issued May 31, 2017, and the original audit report issued March 1, 2016. This follow-up audit consisted of reviewing and testing the management action plans included in the previous follow-up audit memorandum to ensure that corrective actions have been implemented. The scope of the follow-up audit included the period June 12, 2018, through December 31, 2019.

In 2011, Manatee County elected to outsource operations of the County’s two public golf courses. Through the competitive bid process, Pope Golf was awarded exclusive rights for the operation and maintenance of the Manatee County and Buffalo Creek golf courses through a Franchise License Agreement executed on August 12, 2011. An Amended and Restated Franchise License Agreement was executed on October 11, 2016, and the current Golf Course Management Agreement was executed on June 12, 2018. Contract oversight is provided by PNR.

The current Golf Course Management Agreement includes significant changes to compensation and oversight, including:

- Compensation to Manatee County is now based on a flat fee of \$275,000 per year, adjusted annually in accordance with the Consumer Price Index. Previously, compensation was based on a percentage of the revenues generated by Pope Golf’s operations at both of the golf courses. The compensation fee paid by Pope Golf for fiscal years ending September 30, 2012, through September 30, 2017, ranged from \$300,072 per year to \$620,832 per year, with an average of \$441,062 remitted annually.
- Pope Golf is no longer required to obtain an annual audit of its financial statements by an independent Certified Public Accountant. Pope Golf is now required to submit unaudited annual profit and loss statements, signed by the treasurer or chief executive officer certifying to the accuracy of the report and gross receipts.
- Pope Golf is now responsible for paying for capital improvements and repairs directly. Previously, Pope Golf submitted a percentage of revenue to Manatee

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County each month to fund a reserve for capital improvements. To monitor the condition of the courses, Pope Golf is required to permit inspections of the courses by a qualified golf course consultant twice per year. Pope Golf must take corrective actions based on the inspections, if necessary. Inspections are being performed in accordance with the Golf Course Management Agreement and improvements are being monitored by PNR.

Results

The areas for improvement noted in the prior follow-up audit have been resolved.

Under the first management action plan, the Contract Manager was to monitor whether rounds of golf recorded as annual pass rounds, which do not require customer payment, were assigned to golfers who previously purchased annual passes. The Contract Manager obtained tee sheets from Pope Golf to monitor this information until the current Management Agreement was executed in June 2018. The proper recording of annual pass rounds is no longer relevant under the current flat fee compensation structure.

Under the second management action plan, PNR was to ensure that Pope Golf submitted all required financial reports, including the annual financial statement audit required by the first two agreements. Pope Golf did not submit any independent financial statement audits. However, the current Management Agreement negotiated between Pope Golf and Manatee County removed the financial statement audit requirement and management waived the reporting obligations from the prior agreements. Pope Golf submitted annual unaudited profit and loss statements as required by the current Management Agreement for the period June 12, 2018, through December 31, 2019.

It is important to note that because the annual profit and loss statements required by the current Management Agreement are unaudited, PNR will have no assurance that the financial statements are accurate. PNR should consider evaluating the profit and loss statements annually to ensure that the flat fee paid by Pope Golf under the current Management Agreement represents fair compensation to Manatee County.

We appreciate the attention you and your staff have given to resolving the prior audit findings and the assistance given to the Division of Inspector General staff.

LJS/BJW/JEB

cc: Angelina "Angel" Colonnese, Clerk of the Circuit Court and Comptroller
Board of County Commissioners
Cheri Coryea, County Administrator
John Osborne, Deputy County Administrator
Karen Stewart, Deputy County Administrator
Mitchell Palmer, County Attorney
Dan Wolfson, Finance Director