



Columbus Consolidated Government

Georgia's First Consolidated Government

Post Office Box 1340

Columbus, Georgia 31902-1340

John D. Redmond, CMA, CIA

Internal Auditor /

Compliance Officer

706 225-3110

FAX: 706 653-4970

jredmond@columbusga.org

Vendor Inquiry

Columbus Civic Center

July 10, 2012

AUDIT AUTHORIZATION

Ross Horner, Civic Center Director, requested an inquiry of contract compliance by the food and beverage vendor, Centerplate. City Council approved the audit as an extension of the Transition Audit of the Civic Center that was performed in 2011.

BACKGROUND/HISTORY

The Columbus Civic Center contracts with Centerplate for exclusive food and beverage services. Centerplate is the successor to Boston Culinary Corporation, which has held the contract since 2009. Centerplate operates the commercial kitchen at the Civic Center, as well as, several grills and numerous kiosks for food and beverage sales. In 2011, a supplement was added to the contract to include services for the Ice Rink. Due to the lower volume of sales expected at the Ice Rink, a much lower commission rate was established to cover the labor costs for Centerplate to service this facility.

A. CONTRACT

COMPLAINT/ISSUE

Mr. Horner requested that Internal Audit perform an inquiry as to compliance with the food and beverage contract by Centerplate. He requested determination as to whether all events were being included in the monthly settlement and the accuracy of payment calculation of commissions to the Civic Center on an annual basis. The annual contract provides for food and beverage commissions to be paid at a base rate until a \$750,000 annual threshold is achieved with the remainder for the fiscal year paid at a premium rate.

AUDIT PROCESS

The Internal Auditors obtained a copy of the vendor contract from Civic Center Management. The Auditors examined each provision of the contract and selected the month of May 2012 as the period for review. An appointment was scheduled with Centerplate General Manager, Arlo Wesby. Mr. Wesby was provided a listing of the required information to be used for the audit. After completion of the May 2012 period, monthly settlements for each month of fiscal year 2011 were requested and reviewed for contract compliance.

FINDINGS

A review of selected events for May 2012 provided ample proof that the event settlements were being calculated correctly and that amounts remitted to the Civic Center by Centerplate mirrored the calculated amounts and were paid consistent with the contractual timeline. However, two events were excluded from payment as they were performed for a Civic Center employee and a Centerplate function. According to the contract, all events, retail or wholesale, are subject to the payment of commissions. Since the gross sales for these events were not disclosed, we were unable to calculate the lost commissions. We estimate that the Civic Center was underpaid by several hundred dollars for the two events.

The review of fiscal year 2011 monthly settlements revealed an overpayment for the month of July 2010, as Centerplate paid the first month of a new fiscal year at the premium rate that was in place at the end of the previous fiscal year. The calculation error by Centerplate resulted in an overpayment to the Civic Center of approximately \$2,400 for fiscal year 2011.

RECOMMENDATIONS

It is recommended that Civic Center management compare the events on the Centerplate monthly settlement sheet with the master event calendar maintained by the Civic Center to ensure that all events are included. It is further recommended that Civic Center management continue to independently verify the calculation of commissions paid by Centerplate each month. It is also important to maintain a running total of concession food sales for each fiscal year to ensure that premium commissions are received on gross sales exceeding \$750,000; and that each July the commission rate returns to the base rate specified in the contract for that fiscal year.



John D. Redmond, Internal Auditor & Compliance Officer



Date