

Internal Audit Department

O
R
A
N
G
E
C
O
U
N
T
Y

FINAL CLOSE-OUT SECOND FOLLOW-UP AUDIT LIMITED REVIEW OF LEASE REVENUE FOR NEWPORT DUNES WATERFRONT RESORT ORIGINAL AUDIT No. 2462

AUDIT NO: 2742-A
REPORT DATE: OCTOBER 26, 2007

As of August 31, 2007

Audit Director: Peter Hughes, Ph.D., CPA
Deputy Director: Eli Littner, CIA, CPA
Sr. Audit Manager: Autumn McKinney, CIA, CISA, CPA
Audit Manager: Carol Swe, CIA, CISA, CPA



Internal Audit Department

*2005 Recipient of the Institute of Internal Auditor's
Award for Recognition of Commitment to
Professional Excellence, Quality & Outreach*



Internal Audit Department

Providing Facts and Perspectives Countywide

Dr. Peter Hughes **Ph.D., MBA, CPA, CCEP, CITP, CIA, CFE**
Office of The Director Certified Compliance & Ethics Professional (CCEP)
Certified Information Technology Professional (CITP)
Certified Internal Auditor (CIA)
Certified Fraud Examiner (CFE)
E-mail: peter.hughes@iad.ocgov.com

Eli Littner **CPA, CIA, CFE, CFS, CISA**
Deputy Director Certified Fraud Specialist (CFS)
Certified Information Systems Auditor (CISA)

Michael J. Goodwin **CPA, CIA**
Senior Audit Manager

Alan Marcum **MBA, CPA, CIA, CFE**
Senior Audit Manager

Autumn McKinney **CPA, CIA, CISA, CGFM**
Senior Audit Manager Certified Government Financial Manager (CGFM)

Hall of Finance & Records

12 Civic Center Plaza, Room 232
Santa Ana, CA 92701

Phone: (714) 834-5475

Fax: (714) 834-2880

To access and view audit reports or obtain additional information about the
OC Internal Audit Department, visit our website: www.ocgov.com/audit



OC Fraud Hotline (714) 834-3608

Letter from Director Peter Hughes



Transmittal Letter



AUDIT NO. 2742-A OCTOBER 26, 2007

TO: Bryan Speegle, Director
Resources and Development
Management Department

FROM: Dr. Peter Hughes, CPA, Director
Internal Audit Department

SUBJECT: Final Close-Out Second Follow-Up
Audit of the Limited Review of Lease
Revenue for Newport Dunes Waterfront
Resort, Original Audit No. 2462

We have completed the Second Follow-Up Audit of the Limited Review of Lease Revenue for Newport Dunes Waterfront Resort. Our audit was limited to reviewing, as of August 31, 2007, actions taken to implement the remaining three recommendations noted in our first Follow-Up Audit report dated April 9, 2007. The recommendations stemmed from our original audit report dated April 7, 2006. The results of our follow-up audit are discussed in the [Internal Auditor's Report](#) following this transmittal letter.

Because satisfactory corrective action has been taken for the three (3) remaining recommendations, [this report represents the final close-out of the original audit.](#)

Each month I submit an [Audit Status Report](#) to the BOS where I detail any material and significant audit findings released in reports during the prior month and the implementation status of audit recommendations as disclosed by our [Follow-Up Audits](#). Accordingly, the results of this audit will be included in a future status report to the BOS.

We appreciate the cooperation and assistance extended to us by your staff during our follow-up audit.

PH/cs

Other recipients of this report are listed on the Internal Auditor's Report on page 1.

Table of Contents



*Final Close-Out Second Follow Up Audit
Limited Review of Lease Revenue for Newport Dunes Waterfront Resort
Original Audit No. 2462*

As of August 31, 2007

Transmittal Letter	i
INTERNAL AUDITOR'S REPORT	1



INTERNAL AUDITOR'S REPORT

AUDIT No. 2742-A

OCTOBER 26, 2007

TO: Bryan Speegle, Director, Resources and Development Management Department

SUBJECT: Final Close-out Second Follow-Up Audit of the Limited Review of Lease Revenue for Newport Dunes Waterfront Resort, Original Audit No. 2462

Audit Highlight

Satisfactory corrective action has been taken for all 19 recommendations from the original audit no. 2462.

We have completed the Second Follow-Up Audit of the Limited Review of Lease Revenue for Newport Dunes Waterfront Resort. Our audit was limited to reviewing, as of August 31, 2007, actions taken to implement the remaining three recommendations noted in our first Follow-Up Audit report dated April 9, 2007. The recommendations stemmed from our original audit report dated April 7, 2006.

The original audit report issued on April 7, 2006 contained nineteen (19) recommendations. Our first Follow-Up Audit found that three (3) recommendations were not fully implemented. In our second Follow-Up Audit, we found satisfactory corrective action had been taken for the remaining three (3) recommendations. As such, **this report represents the final close-out of the original audit.**

We appreciate the courtesy and cooperation extended to us during the audit by the personnel at Newport Dunes Waterfront Resort, RDMD/OC Parks, and RDMD/Accounting Services. If you have any questions, please contact me or Eli Littner, Deputy Director, at (714) 834-5899 or Autumn McKinney, Senior Audit Manager at (714) 834-6106.

Respectfully Submitted,

Dr. Peter Hughes, CPA
Director, Internal Audit Department

ATTACHMENTS

Distribution Pursuant to Audit Oversight Committee Procedure No. 1:
Members, Board of Supervisors
Members, Audit Oversight Committee
Thomas G. Mauk, County Executive Officer
Alisa Drakodaidis, Deputy CEO/Infrastructure & Environmental Services
Parker Hancock, Director, RDMD/OC Parks

OC Internal Audit Report



Distribution continued:

Rich Adler, Chief, RDMD/OC Parks/Real Estate
Mike Hentzen, Leasing Coordinator, RDMD/OC Parks/Real Estate
Steve Danley, Director, RDMD/Administration
Mary Fitzgerald, Manager, RDMD/Accounting Services
Jenny Tu, Chief, RDMD/Watershed, Flood, SAR
Tam Vu, Administrative Manager I, RDMD/Watershed Accounting
Brian Cich, Senior Accountant I, RDMD/GASB, Leases
Accounting
Debra Lakin, Chief, RDMD/Central Quality Assurance
Foreperson, Grand Jury
Darlene J. Bloom, Clerk of the Board of Supervisors