

Internal Audit Department

O R A N G E C O U N T Y
6th Largest County in the USA

Internal Control Audit: OC DANA POINT HARBOR BOAT SLIP WAITLIST ADMINISTRATION

For the Period
July 1, 2009 through September 30, 2010

We audited the internal controls over the administration of boat slip waitlists established and maintained by OC Dana Point Harbor and its three operators - Dana Point Marina Company (East Marina), Dana West Marina (West Marina) and Vintage Marina Partners (Embarcadero Marina – a dry boat storage facility).

We found controls were adequate to ensure boat slips and dry boat storage spaces are assigned properly, orderly and fairly based on established procedures and placement on the waitlists. OC Dana Point Harbor has a total of **2,915 boat slips** and dry boat storage spaces for vessels of various sizes. During the audit period, the three operators maintained a total of **29 waitlists containing 3,378 applicants**.

AUDIT NO: 1031
REPORT DATE: NOVEMBER 29, 2010

Director: Peter Hughes, Ph.D., CPA
Deputy Director: Eli Littner, CPA, CIA
Senior Audit Manager: Michael Goodwin, CPA, CIA
Senior Internal Auditor: Abdul Khan, CPA, CIA

RISK BASED AUDITING

GAO & IIA Peer Review Compliant – 2001, 2004, 2007, 2010



American Institute of Certified Public Accountants Award to Dr. Peter Hughes as 2010 Outstanding CPA of the Year for Local Government



2009 Association of Certified Fraud Examiners' Hubbard Award to Dr. Peter Hughes for the Most Outstanding Article of the Year – Ethics Pays



2008 Association of Local Government Auditors' Bronze Website Award



2005 Institute of Internal Auditors' Award to IAD for Recognition of Commitment to Professional Excellence, Quality, and Outreach

 ORANGE COUNTY BOARD OF SUPERVISORS*
Internal Audit Department

GAO & IIA Peer Review Compliant - 2001, 2004, 2007, 2010

Providing Facts and Perspectives Countywide

RISK BASED AUDITING**Dr. Peter Hughes**

Director

Ph.D., MBA, CPA, CCEP, CITP, CIA, CFE

Certified Compliance & Ethics Professional (CCEP)

Certified Information Technology Professional (CITP)

Certified Internal Auditor (CIA)

Certified Fraud Examiner (CFE)

Certified in Financial Forensics (CFF)

E-mail: peter.hughes@iad.ocgov.com

Eli Littner

Deputy Director

CPA, CIA, CFE, CFS, CISA

Certified Fraud Specialist (CFS)

Certified Information Systems Auditor (CISA)

Michael J. Goodwin

Senior Audit Manager

CPA, CIA

Alan Marcum

Senior Audit Manager

MBA, CPA, CIA, CFE

Autumn McKinney

Senior Audit Manager

CPA, CIA, CISA, CGFM

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



Transmittal Letter



Audit No. 1031 November 29, 2010

TO: Brad Gross, Director
OC Dana Point Harbor

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

SUBJECT: Internal Control Audit:
OC Dana Point Harbor –
Boat Slip Waitlist Administration

We have completed our Internal Control Audit of the OC Dana Point Harbor Boat Slip Waitlist Administration for the period July 1, 2009 through September 30, 2010. We performed this audit in accordance with our *FY 10-11 Audit Plan and Risk Assessment* approved by the Audit Oversight Committee and the Board of Supervisors. Our final report is attached for your review.

Please note we have a structured and rigorous **Follow-Up Audit** process in response to recommendations and suggestions made by the Audit Oversight Committee (AOC) and the Board of Supervisors (BOS). As a matter of policy, our **first Follow-Up Audit** will begin at six months from the official release of the report. A copy of all our Follow-Up Audit reports is provided to the BOS as well as to all those individuals indicated on our standard routing distribution list.

The AOC and BOS expect that audit recommendations will typically be implemented within six months and often sooner for significant and higher risk issues. Our **second Follow-Up Audit** will begin at 12 months from the release of the original report, by which time **all** audit recommendations are expected to be addressed and implemented.

At the request of the AOC, we are to bring to their attention any audit recommendations we find still not implemented or mitigated after the second Follow-Up Audit. The AOC requests that such open issues appear on the agenda at their next scheduled meeting for discussion.

We have attached a **Follow-Up Audit Report Form**. Your department should complete this template as our audit recommendations are implemented. When we perform our first Follow-Up Audit approximately six months from the date of this report, we will need to obtain the completed document to facilitate our review.

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.

Letter from Dr. Peter Hughes, CPA



As always, the Internal Audit Department is available to partner with your staff so that they can successfully implement or mitigate difficult audit recommendations. Please feel free to call me should you wish to discuss any aspect of our audit report or recommendations.

Additionally, we will request your department complete a [Customer Survey](#) of Audit Services. You will receive the survey shortly after the distribution of our final report.

[Attachments](#)

Other recipients of this report listed on the [OC Internal Auditor's Report](#) on page 5.

Table of Contents



***Internal Control Audit:
OC Dana Point Harbor –
Boat Slip Waitlist Administration
Audit No. 1031***

For the Period July 1, 2009 through September 30, 2010

Transmittal Letter	i
OC Internal Auditor's Report	
OBJECTIVES	1
RESULTS	1
BACKGROUND	2
SCOPE	4
Detailed Findings, Recommendations and Management Responses	
Finding No. 1 – West Marina: Website Waitlists Not Current (Control Finding)	7
Finding No. 2 – West Marina and Embarcadero Marina: Review of Customer Files (Control Finding)	7
ATTACHMENT A: Report Item Classifications	9
ATTACHMENT B: OC Dana Point Harbor Management Responses	10



Audit No. 1031

November 29, 2010

TO: Brad Gross, Director
OC Dana Point Harbor

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

SUBJECT: Internal Control Audit: OC Dana Point Harbor –
Boat Slip Waitlist Administration

Audit Highlight

--Statistics--

Waitlists are created and maintained by East Marina, West Marina and Embarcadero Marina for applicants requesting boat slip and dry boat storage space rentals. Combined, the three marina operators have a total of **2,915 boat slips and dry boat storage spaces** available to the public for rent and for guest slips. There were **29 waitlists** for vessels of various sizes with **3,378 applicants** on the waitlists during the audit period.

-Recommendations-

We identified **two Control Findings** concerning outdated website waitlists at West Marina, and reviews of customer information at West Marina and Embarcadero Marina where efficiency and effectiveness can be enhanced.

OBJECTIVES

The Internal Audit Department conducted an Internal Control Audit of the OC Dana Point Harbor Boat Slip Waitlist Administration. Our audit included an evaluation of the adequacy and integrity of internal controls; testing compliance with department and County policies; and evaluating process efficiencies and effectiveness. Our audit was conducted in accordance with professional standards established by the Institute of Internal Auditors. The objectives of our audit were to:

1. Evaluate the adequacy of internal controls over the establishment and administration of boat slip waitlists to ensure boat slips and dry boat storage spaces are assigned properly, orderly, and fairly from the waitlists based on established procedures and the applicant's placement on the waitlists.
2. Determine if boat slip waitlist administration is efficient and effective (no significant backlogs, duplication of work, or manual processes that could be automated), and if processes and controls are consistent between East Marina, West Marina and Embarcadero Marina.

RESULTS

Based on our audit objectives, we found that internal controls are adequate over the establishment and administration of boat slip waitlists to provide reasonable assurance that boat slips and dry boat storage spaces are assigned properly, orderly, and fairly based on established procedures and placement on the waitlists. We also found boat slip waitlist administration was efficient and effective with no significant backlogs, duplication of work, or manual processes that could benefit from automation. See further discussion in the *Detailed Findings, Recommendations and Management Responses* section of this report. See *Attachment A* for a description of Report Item Classifications. Our audit disclosed:



- ▶ **Objective No.1 – Adequacy of Internal Controls:** Evaluate the adequacy of internal controls over the establishment and administration of boat slip waitlists to ensure boat slips and dry boat storage spaces are assigned properly, orderly and fairly from the waitlists based on established procedures and placement on the waitlists.
 - ▶ **Results:** We found that internal controls are adequate over the establishment and administration of boat slip waitlists to ensure boat slips and dry boat storage spaces are assigned properly, orderly and fairly based on established procedures and placement on the waitlists. **No exceptions were noted. As such, we have no recommendations for this objective.**
-
- ▶ **Objective No. 2 – Efficiency and Effectiveness:** Determine if boat slip waitlist administration is efficient and effective (no significant backlogs, duplication of work, or manual processes that could be automated), and if processes and controls are consistent between East Marina, West Marina, and Embarcadero Marina.
 - ▶ **Results:** We found the boat slip waitlist administration did not have any significant backlogs, duplication of work, or manual processes that could be automated. We identified **two (2) Control Findings** concerning outdated website waitlists at West marina, and reviews of customer files at West Marina and Embarcadero Marina where efficiency and effectiveness can be enhanced. ([See Finding Nos. 1 and 2 below](#))

BACKGROUND

OC Dana Point Harbor is divided into the East and West Basins, both of which operate as separate marinas. OC Dana Point Harbor has three operating agreements with Dana Point Marina Company (East Marina), Dana West Marina (West Marina), and Vintage Partners Marina (Embarcadero Marina – a dry boat storage facility). Combined, the three marinas have a total of **2,915 boat slips and dry boat storage spaces** for vessels of various sizes.

East Marina has 1,428 boat slips for vessels 20 to 85 feet in length. West Marina has 981 boat slips for vessels 22 to 55 feet in length. Embarcadero Marina is a dry boat storage facility with 506 spaces for boats from 15 to 25+ feet in length. Boat slip and dry boat storage space rental rates vary according to vessel size. Also included in OC Dana Point Harbor are 42 guest slips for boats transiting the coastline and for yacht club guests. Each marina maintains their own waitlists and applications for boat slip and dry boat storage space rentals that are onsite and also posted on the operators' websites. Applicants must be on a waitlist to be eligible for boat slip and dry boat storage space rentals. OC Dana Point Harbor does not maintain waitlists, but provides oversight of the waitlists administered by East Marina, West Marina and Embarcadero Marina.

Boat Slips and Dry Boat Storage Spaces

Boat slips at East Marina and West Marina are comprised of water space located between dock fingers, including a three-foot extension of water space beyond the end of the docks; all points of tie-down on the docks for securing the boat, and one dock storage box (locker). At the Embarcadero Marina, only dry boat storage spaces are available. Boat slip licenses are non-transferable and cannot be sublicensed without the advanced written approval by OC Dana Point Harbor. Boat Slip License Agreements and Dry Boat Storage Space Agreements are on a month-to-month basis until terminated by either party through timely written notice or by licensee default.



Temporary Boat Slips

Since June 2007, all available boat slips are offered on a temporary basis with a Temporary Slip Permit. This is because these slips will either be eliminated and/or will require vessel relocations during an upcoming dock renovation/replacement project as part of the Harbor Revitalization Plan. Because they are temporary assignments, applicants stay on the waitlists until they get a permanent slip assignment.

Guest Boat Slips

Guest slips are provided to the general public and are issued according to availability. Guest fees must be paid in advance and reservations are limited to ninety (90) days in the off season and thirty (30) days between Memorial Day and Labor Day. Vessels may remain longer if there is availability.

Boat Slip and Dry Boat Storage Space Waitlists

There are different waitlists maintained for boat slip and dry boat storage space rentals. Waitlists are separately maintained by East Marina, West Marina, and Embarcadero Marina. Each waitlist is based on the size of the vessel and is independent from other waitlists. There are a **total of 29 waitlists** for vessels of various sizes for East Marina, West Marina and Embarcadero Marina. During the audit period, there were **3,378 applicants** on the waitlists. Between July 1, 2009 and June 30, 2010, there were **403 boat slips and dry boat storage spaces assigned**.

Individuals are added onto waitlists through submission of an *Application for Waitlist*, paying the applicable deposit (a refundable deposit equal to one current month's rent for the slip), and signing a Log Book. Applicants cannot transfer from one waitlist to another; however an applicant can be on more than one waitlist, and can be on the same waitlist more than once by following the waitlist application procedures (each waitlist application requires its own deposit and log book signature).

Once an applicant reaches the top of the waitlist and is contacted, failure to respond to telephone and written notifications within two (2) weeks will result in the applicant being placed on "inactive status." Failure to contact the Marina within six (6) months of being placed on inactive status will result in the applicant being removed from the waitlist and the waitlist deposit being refunded. Once an applicant is offered a slip or a space, he/she has two (2) working days to accept a boat slip and five (5) working days to accept a dry boat storage space.

If an applicant does not own a boat or is otherwise unable to accept a boat slip or dry boat storage space at the time the Marina offers a slip he/she may request inactive status. Inactive status is allowed once per application and is limited to a maximum of six (6) months. If the applicant is unable to accept a slip/space after being returned to active status, his/her name will be removed from the waitlist and the waitlist deposit will be refunded.

East Marina, West Marina, and Embarcadero Marina maintain a strict policy of non-discrimination. All boat slips and dry boat storage spaces are assigned on a first come, first served basis as established on their order on the waitlists according to the applicant's sign-up date.



SCOPE

Our audit evaluated internal controls and processes over the establishment and administration of boat slip waitlists for the period July 1, 2009 through September 30, 2010. Our scope included the following:

- Meeting with representatives of OC Dana Point Harbor, Dana Point Marina Company (East Marina), Dana West Marina (West Marina), and Vintage Partners Marina (Embarcadero Marina), and observing waitlist administration processes and controls.
- Reviewing written procedures for waitlists and boat slip and dry boat storage space assignments, application forms, waitlist logs, customer information and transaction forms, boat slip/dry storage space license agreements, and all waitlists maintained onsite at the East Marina, West Marina and Embarcadero Marina, as well as on the operator's websites. We compared the onsite waitlists to the waitlists on the websites for consistency and accuracy.
- Reviewing customer complaint logs for allegations that waitlists were not administered fairly and in compliance with established waitlist procedures. Also, inquiring of OC Dana Point Harbor, East Marina, West Marina, and Embarcadero Marina management of any instances where waitlists were manipulated or how they could be altered to provide an advantage to applicants.
- Testing a sample of boat slip and dry boat storage space assignments to ensure the applicants were selected in the proper order based upon their placement on the waitlists.

SCOPE EXCLUSIONS

Our audit did not include a detailed review of the boat slip and dry boat storage space rental processes and on-going administration after the boat slips and dry boat storage spaces were assigned to applicants from the waitlists. We did not review the boat slip and storage space rental revenue recording and reporting process since this is covered in our Revenue Generating Lease Audits. We did not review boat slip and dry boat storage space transfers, cancellations, and terminations after the slips/spaces were assigned from the waitlists.

Management's Responsibilities for Internal Controls

In accordance with the Auditor-Controller's County Accounting Manual section S-2 - Internal Control Systems, "All County departments/agencies shall maintain effective internal control systems as an integral part of their management practices. This is because management has primary responsibility for establishing and maintaining the internal control system. All levels of management must be involved in assessing and strengthening internal controls. Control systems shall be continuously evaluated and weaknesses, when detected, must be promptly corrected." The criteria for evaluating an entity's internal control structure is the Committee of Sponsoring Organizations (COSO) control framework. Internal Audit's review enhances and complements, but does not substitute for OC Dana Point Harbor's continuing emphasis on control activities and self-assessment of control risks.



Inherent Limitations in Any System of Internal Control

Because of inherent limitations in any system of internal controls, errors or irregularities may nevertheless occur and not be detected. Specific examples of limitations include, but are not limited to, resource constraints, unintentional errors, management override, circumvention by collusion, and poor judgment. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or the degree of compliance with the procedures may deteriorate. Accordingly, our review made for the purpose described above would not necessarily disclose all weaknesses in OC Dana Point Harbor's operating procedures, accounting practices and compliance with County policy.

Acknowledgment

We appreciate the courtesy and cooperation extended to us during the audit by the personnel of OC Dana Point Harbor, East Marina, West Marina and Embarcadero Marina. If we can be of further assistance, please contact me or Eli Littner, Deputy Director, at (714) 834-5899 or Michael Goodwin, Senior Audit Manager, at (714) 834-6066.

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, OC Infrastructure
- Lisa Smith, Deputy Director, OC Dana Point Harbor
- Paul Lawrence, Manager of Operations, OC Dana Point Harbor
- Foreperson, Grand Jury
- Darlene J. Bloom, Clerk of the Board of Supervisors

Detailed Findings, Recommendations and Management Responses



Audit Objective No. 1 – Adequacy of Internal Controls

Evaluate the adequacy of internal controls over the establishment and administration of boat slip waitlists to ensure boat slips and dry boat storage spaces are assigned properly, orderly, and fairly based on established procedures and placement on the waitlists.

AUDIT STEPS AND RESULTS

We noted the following controls over waitlists and boat slip/storage space assignments:

Waitlist Administration

- East, West and Embarcadero Marinas each have *Waitlist Policies and Procedures*.
- All waitlist applicants are required to submit an *Application for Waitlist*, which is signed and dated by the applicant and by the Customer Service Representative.
- Customer information is checked in a DockMaster software system for duplication.
- A sequential customer account number is created automatically in DockMaster. In case of a previous customer, the same account number is used.
- A copy of the applicant's photo identification is maintained.
- Invoices for waitlist deposits are processed in the DockMaster system.
- Applicants are required to sign and date a *Waitlist Log Book*. The applicant's account number and requested slip size is also documented.
- Applicant's information is entered into a spreadsheet based on the size of the boat slip/storage space.
- Customer Service Representatives in East Marina create a Customer File and all documents are filed. Customer Files are reviewed by another Customer Service Representative, an Administrative Assistant, and an Accountant.

Boat Slip and Dry Boat Storage Space Assignments from Waitlists

- Each of the marinas have *Slip/Storage Space Assignment Policies and Procedures*.
- The Customer Service Representative's contact with applicants to offer a boat slip or dry boat storage space is documented.
- The applicant's personal information, photo identification, vessel registration and insurance documents are obtained prior to assigning a boat slip/boat storage space.
- A *Boat Slip Licensing Agreement/Dry Boat Storage Space Agreement* is signed by the tenant; is reviewed and initialed by the tenant; and approved by the Operations Manager at OC Dana Point Harbor.
- Customer Service Representatives in East Marina file all documents in the Customer File that are reviewed by another Customer Service Representative, an Administrative Assistant, and an Accountant.

We tested a sample of **forty (40) boat slip and dry boat storage space assignments** and verified that waitlist applications and supporting documents were completed; that boat slip/storage space tenants were listed on the applicable waitlists; and confirmed the order of the slip offering by reviewing the five waitlist applicants preceding the tenant's slip/space assignment. We also reviewed customer complaint logs for any complaints concerning the waitlist process and assignment of slips and spaces. **No exceptions were noted.**

CONCLUSION

Internal controls are adequate over the establishment and administration of boat slip waitlists to provide reasonable assurance boat slips and dry boat storage spaces are assigned properly, orderly, and fairly based on established procedures and placement on the waitlists. Therefore, we have no recommendations for this objective.

Detailed Findings, Recommendations and Management Responses



Audit Objective No. 2 – Efficiency and Effectiveness

Determine if boat slip waitlist administration is efficient and effective (no significant backlogs, duplication of work, or manual processes that could be automated), and if processes are consistent between East Marina, West Marina, and Embarcadero Marina.

AUDIT STEPS AND RESULTS

We observed processes and controls, conducted interviews with staff and management, and analyzed workflow processing. We noted staff and management appeared knowledgeable, trained, and organized concerning administration of boat slip waitlists.

CONCLUSION

We found the boat slip waitlist administration did not have any significant backlogs, duplication of work, or manual processes that could be automated. We identified **two (2) Control Findings** concerning outdated website waitlists at West Marina, and reviews of customer information at West Marina and Embarcadero Marina where efficiency and effectiveness can be enhanced. The two findings are as follows:

Finding No. 1 - West Marina: Website Waitlists Not Current (Control Finding)

We noted the waitlists on West Marina's website are not current. The last update to the website waitlists was made in December 2008. We were informed the waitlists had not been updated due to website maintenance issues. The onsite waitlists are regularly updated and are current.

Each operator - East Marina, West Marina, and Embarcadero Marina - maintains onsite waitlists that are posted for public viewing and have a company website that also posts the waitlists. The onsite waitlists are established for public access. To ensure efficiency and effectiveness in waitlist administration, the West Marina's website waitlists should be updated regularly to reflect the waitlists that are maintained onsite.

Recommendation No.1

OC Dana Point Harbor work with West Marina to ensure the website waitlists are updated on a regular basis to reflect the current status of the waitlists.

OC Dana Point Harbor Management Response:

Concur. The attached Letter from OC Dana Point Harbor requires West Basin Marina to ensure the website waitlists are updated on a regular basis to reflect the current status of the waitlists.

Finding No. 2 - West Marina and Embarcadero Marina: Review of Customer Files (Control Finding)

West Marina's and Embarcadero Marina's process for reviewing customer files was not consistent with East Marina where customer files are reviewed by another Customer Service Representative, an Administrative Assistant, and an Accountant as part of waitlist administration. Reviews of customer files help ensure accuracy of customer information. Although no errors were noted, this will also ensure consistency in waitlist administration processes between East Marina, West Marina and Embarcadero Marina.

Detailed Findings, Recommendations and Management Responses



Recommendation No.2

OC Dana Point Harbor work with West Marina and Embarcadero Marina to ensure they perform a review of customer files similar to the reviews performed in the East Marina.

OC Dana Point Harbor Management Response:

Concur. The attached Letters from OC Dana Point Harbor require West Marina and Embarcadero Marina to begin performing reviews of customer files similar to reviews performed in the East Marina.

Detailed Findings, Recommendations and Management Responses



ATTACHMENT A: Report Item Classifications

For purposes of reporting our audit observations and recommendations, we will classify audit report items into three distinct categories:

▶ **Material Control Weaknesses:**

Audit findings or a combination of Significant Issues that can result in financial liability and exposure to a department/agency and to the County as a whole. Management is expected to address "Material Weaknesses" brought to their attention immediately.

▶ **Significant Control Weaknesses:**

Audit findings or a combination of Control Findings that represent a significant deficiency in the design or operation of processes or internal controls. Significant Issues do not present a material exposure throughout the County. They generally will require prompt corrective actions.

▶ **Control Findings:**

Audit findings that require management's corrective action to implement or enhance processes and internal controls. Control Findings and Efficiency/Effectiveness issues are expected to be addressed within our follow-up process of six months, but no later than twelve months.

Detailed Findings, Recommendations and Management Responses



ATTACHMENT B: OC Dana Point Harbor Management Responses



COUNTY OF ORANGE

DanaPointHarbor

Brad Gross, Director
24650 Dana Point Harbor Drive
Dana Point, CA 92629

Telephone: (949) 923-2236
Fax: (949) 923-3792

November 17, 2010

Dr. Peter Hughes, Ph.D., MBA, CPA
County Internal Auditor
12 Civic Center Plaza, Room 232
Santa Ana, CA 92701

Re: Draft Report on Boat Slip Waitlist Administration, Audit No. 1031

Dear Peter,

OC Dana Point Harbor appreciates the support provided by Internal Audit and concurs with the Control Findings and Recommendations (1 and 2) as presented in the draft Report on Boat Slip Waitlist Administration, Audit No. 1031.

The County Executive Office has reviewed and approved of OC Dana Point Harbor's responses to each recommendation, which are intended to ensure that Harbor Operators fully comply with all recommendations from the Internal Audit Department. A summary of Internal Audit's recommendations 1 and 2, along with OC Dana Point Harbor's responses, are as follows:

Recommendation No. 1: OC Dana Point Harbor work with West Marina to ensure the website waitlists are updated on a regular basis to reflect the current status of the waitlists.

OC DPH Response: Concur
The attached Letter from OC Dana Point Harbor requires West Basin Marina to ensure the website waitlists are updated on a regular basis to reflect the current status of the waitlists.

Recommendation No. 2: OC Dana Point Harbor work with West Marina and Embarcadero Marina to ensure they perform a review of customer files similar to the reviews performed in the East Marina.

OC Dana Point Harbor Response: Concur
The attached Letters from OC Dana Point Harbor require West Marina and Embarcadero Marina to begin performing reviews of customer files similar to the reviews performed in the East Marina.

RECEIVED
INTERNAL AUDIT DEPARTMENT
2010 NOV 19 PM 2:03

Page 1 of 2

Detailed Findings, Recommendations and Management Responses



ATTACHMENT B: OC Dana Point Harbor Management Responses (continued)

Thank you and should you have any questions, please call me at 949-923-3798.

Sincerely,

A handwritten signature in black ink, appearing to read "Brad Gross", is positioned above the printed name.

Brad Gross, Director
OC Dana Point Harbor

Enclosures (2)

cc: Alisa Drakodaidis, Deputy CEO, OC Infrastructure

Detailed Findings, Recommendations and Management Responses



ATTACHMENT B: OC Dana Point Harbor Management Responses (continued)



Brad Gross, Director
24650 Dana Point Harbor Drive
Dana Point, CA 92629

Telephone: (949) 923-2236
Fax: (949) 923-3792

November 17, 2010

Kelly Rinderknecht
Eric Leslie
Dana West Marina
24500 Dana Point Harbor Drive
Dana Point, CA 92629

Re: Draft Report on Boat Slip Waitlist Administration, Audit No. 1031

Dear Kelly/Eric,

As you know, the County's Internal Audit has conducted their initial Audit No. 1031 regarding Boat Slip and dry storage Waitlist Administration in which two findings need to be addressed by Dana West Marina within thirty days from the date of this letter. Internal Audit's recommendations to OC Dana Point Harbor are shown below, along with OC Dana Point Harbor's responses and concurrence with the findings (Recommendations 1 and 2 are excerpted from the report):

Recommendation No. 1: OC Dana Point Harbor work with West Marina to ensure the website waitlists are updated on a regular basis to reflect the current status of the waitlists.

OC DPH Response: Concur

OC Dana Point Harbor will require West Basin Marina to ensure the website waitlists are updated on a regular basis to reflect the current status of the waitlists.

Recommendation No. 2: OC Dana Point Harbor work with West Marina and Embarcadero Marina to ensure they perform a review of customer files similar to the reviews performed in the East Marina.

OC Dana Point Harbor Response: Concur

OC Dana Point Harbor will require West Marina and Embarcadero Marina to begin performing reviews of customer files similar to the reviews of customer files performed in the East Marina.

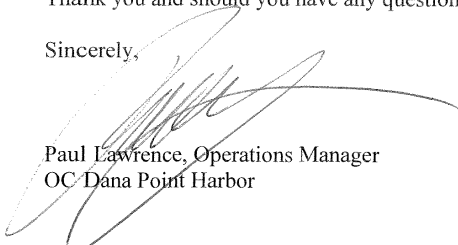
Detailed Findings, Recommendations and Management Responses



ATTACHMENT B: OC Dana Point Harbor Management Responses (continued)

Thank you and should you have any questions, please call me at 949-923-2286.

Sincerely,


Paul Lawrence, Operations Manager
OC Dana Point Harbor

cc: Brad Gross, Director, OC Dana Point Harbor

Page 2 of 2

Detailed Findings, Recommendations and Management Responses



ATTACHMENT B: OC Dana Point Harbor Management Responses (continued)



COUNTY OF ORANGE

DanaPointHarbor

Brad Gross, Director
24650 Dana Point Harbor Drive
Dana Point, CA 92629

Telephone: (949) 923-2236
Fax: (949) 923-3792

November 17, 2010

Brian Dunn
Vintage Marina Partners
P.O. Box 249
Dana Point, CA 92629

Re: Draft Report on Boat Slip Waitlist Administration, Audit No. 1031

Dear Brian,

As you know, the County's Internal Audit has conducted their initial Audit No. 1031 regarding Boat Slip and dry storage Waitlist Administration in which one finding needs to be addressed by Vintage Marina Partners within thirty days from the date of this letter. Internal Audit's recommendation to OC Dana Point Harbor is shown below, along with the Department's response and concurrence with the finding (Recommendation 2 is excerpted from the report):

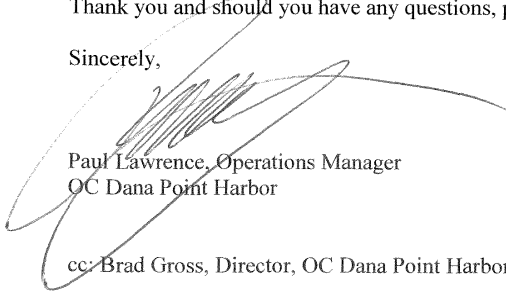
Recommendation No. 2: OC Dana Point Harbor work with West Marina and Embarcadero Marina to ensure they perform a review of customer files similar to the reviews performed in the East Marina.

OC Dana Point Harbor Response: Concur

OC Dana Point Harbor will require West Marina and Embarcadero Marina to begin performing reviews of customer files similar to the reviews of customer files performed in the East Marina.

Thank you and should you have any questions, please call me at 949-923-2286.

Sincerely,


Paul Lawrence, Operations Manager
OC Dana Point Harbor

cc: Brad Gross, Director, OC Dana Point Harbor

Page 1 of 1