

FOLLOW-UP AUDIT REPORT FORM

REVENUE GENERATING LEASE AUDIT:
 OCCR/OC PARKS – NEWPORT DUNES PARTNERSHIP
 AUDIT #1561, ISSUED SEPTEMBER 29, 2016

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| INSTRUCTIONS | <ul style="list-style-type: none"> • Please complete the following form. • For each recommendation: <ul style="list-style-type: none"> ○ Describe the corrective actions taken and select the applicable implementation status (fully implemented, partially implemented, etc.). ○ Indicate the approximate date the recommendation was implemented or is expected to be implemented by. ○ For items not fully implemented, describe the planned corrective actions. ○ Identify who completed this response. • Please return this form to the Auditor-Controller Internal Audit Division by March 29, 2017. |
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| AUDITOR'S RECOMMENDATION | AUDITEE'S COMMENTS | | | | | | | | | | | | | | |
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| | AUDITEE'S RESPONSE | DESCRIPTION OF CORRECTIVE ACTIONS TAKEN OR PLANNED | IMPLEMENTATION STATUS (CHECK ONE) | | | | | | | | | | | | |
| <p>Recommendation No. 1 We recommend OCCR require Newport Dunes Partnership to maintain an adequate control system to ensure the completeness of the parking activity generated at the gates. The register tapes generated from the gate system should be reconciled to the reports submitted to ensure all parking activities are properly recorded.</p> | <p>OCCR/OC Parks Management Response:</p> <p>Concur: The County will send a letter with detailed instructions to the Newport Dunes Partnership regarding the recommendation above. These procedures are to be implemented within 60 days. The Newport Dunes Partnership will be required to provide evidence to OCCR management to ensure new procedures are in place and being practiced.</p> | | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 90%;">Fully Implemented</td> <td style="width: 10%; text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Partially Implemented</td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>In Process</td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Not Yet Implemented</td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td colspan="2">Implementation Date:</td> </tr> <tr> <td colspan="2" style="height: 100px;"></td> </tr> </table> | Fully Implemented | <input type="checkbox"/> | Partially Implemented | <input type="checkbox"/> | In Process | <input type="checkbox"/> | Not Yet Implemented | <input type="checkbox"/> | Implementation Date: | | | |
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| AUDITOR'S RECOMMENDATION | AUDITEE'S COMMENTS | | |
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| Recommendation No. 2 We recommend OCCR develop and implement policies and procedures to ensure Newport Dunes Partnership's audited financial statements are reviewed and reconciled in a timely manner. | OCCR/OC Parks Management Response: Concur: OCCR Accounting has collaborated with CEO Real Estate and developed and implemented procedures to ensure that audited financial statements are received, reviewed and reconciled in a timely manner. Any unreported income and related revenue will be invoiced accordingly. Newport Dunes Partnership reconciliations of audited financial statements have been prepared and are currently being reviewed for years 2012, 2013, 2014 and 2015. | | Fully Implemented <input type="checkbox"/> |
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| Recommendation No. 3 We recommend OCCR ensure the County makes the correct annual contribution to the dredging reserve fund as required by the Agreement. | OCCR/OC Parks Management Response: Concur: OCCR has corrected the \$18,000 shortfall that occurred in the Newport Tidelands dredging reserve for FY 2014-15 through an appropriation of \$18,000 during the FY 2016-17 Budget in addition to the \$272,200 required annual contribution. This increased contribution to the Newport Dunes dredging reserve was approved as part of the FY 2016-17 Newport Tidelands Budget by the Board of Supervisors on June 28, 2016 and will be implemented by the Auditor-Controller in FY 2016-17. In addition, OCCR will work with CEO Real Estate to ensure that OCCR Budget staff are notified of the proper amount to add to the Newport Dunes dredging reserve when that amount is adjusted on January 1, 2020. | | Fully Implemented <input type="checkbox"/> |
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| <p>Recommendation No. 4 We recommend OCCR require Newport Dunes Partnership to instruct its staff about the importance of ensuring that the rental agreement forms are complete and accurate. The rental agreements should be reviewed by the Watersports Manager for completeness and accuracy. We also recommend that OCCR require Newport Dunes Partnership to utilize serially pre-numbered rental forms for all rental activity and ensure all rental forms are issued in sequential order and properly accounted for.</p> | <p>OCCR/OC Parks Management Response:</p> <p>Concur: CEO Real Estate will send a letter with detailed instructions to Newport Dunes regarding the items noted in Recommendation No. 4 above. These procedures are to be implemented within 60 days. Newport Marina will be required to provide evidence to OCCR management to ensure new procedures are in place and being practiced.</p> | | Fully Implemented <input type="checkbox"/> |
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| <p>Recommendation No. 5 We recommend that OCCR ensure the agreed percentage of rent, if any, for optional services and uses such as Camp James Summer Program is documented and communicated to Newport Dunes Partnership. We also recommend that OCCR require Newport Dunes Partnership to obtain prior written approval from the Director of OC Parks for the collection of charitable donations which benefit non-profit organizations.</p> | <p>OCCR/OC Parks Management Response:</p> <p>Concur: CEO Real Estate will send a letter to Newport Dunes regarding the requirements noted in Recommendation No. 5 above. The County is requiring Newport Dunes to establish a license agreement with the County for Camp James Summer Program and said license shall be retroactive and inclusive for the 2016 summer. The license shall include all terms and rent percentages. Also, the County is requiring Tenant to establish a license agreement for charitable events, which will be limited to two events per year and one ongoing contributory event. All licenses must document gross revenue received by Tenant, percentage of rents due and rents paid to the County.</p> | | Fully Implemented <input type="checkbox"/> |
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