

Internal Audit Department

O R A N G E C O U N T Y
5th Largest County in the USA

FINAL CLOSE-OUT

FIRST FOLLOW-UP AUDIT: JOHN WAYNE AIRPORT - JCDECAUX AIRPORT, INC.

AS OF MARCH 17, 2010

ORIGINAL AUDIT No. 2834

DURING THE 5 YEAR
LEASE TERM, OVER \$7
MILLION IN RENT WILL BE
PAID TO JWA.

JWA and JCDecaux Airport, Inc. fully implemented the two
(2) recommendations noted in our original audit report.

During the original 12-month audit period, JCDecaux
Airport, Inc. reported \$2.8 million in gross receipts and
paid \$1.7 million in rent to the County.

AUDIT No: 2937-C
REPORT DATE: APRIL 27, 2010

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Deputy Director: Eli Littner, CPA, CIA
Senior Audit Manager: Autumn McKinney, CPA, CIA
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RISK BASED AUDITING

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



2009 Association of Certified Fraud Examiners' Hubbard Award
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Commitment to Professional Excellence, Quality, and Outreach



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

Providing Facts and Perspectives Countywide

RISK BASED AUDITING

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OC Fraud Hotline (714) 834-3608



Transmittal Letter



Audit No. 2937-C April 27, 2010

TO: Alan L. Murphy, Director
John Wayne Airport

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

SUBJECT: **First and Final Close-Out** Follow-Up
Audit of Revenue Generating Lease
Audit: JWA/JCDecaux Airport, Inc.,
Original Audit No. 2834, Issued August
25, 2009

We have completed a First Follow-Up Audit of Revenue Generating Lease Audit: JWA - JCDecaux Airport, Inc. Our audit was limited to reviewing, as of March 17, 2010, actions taken to implement the two (2) recommendations from our original audit. We conducted this First Follow-Up Audit in accordance with the *FY 09-10 Audit Plan and Risk Assessment* approved by the Audit Oversight Committee and Board of Supervisors (BOS).

The results of our First Follow-Up Audit are discussed in the **OC Internal Auditor's Report** following this transmittal letter. Because satisfactory corrective action has been taken for the two audit recommendations, this **report represents the close-out of the original audit**. We commend John Wayne Airport for their timeliness and responsiveness in taking corrective actions on our audit recommendations.

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.

Other recipients of this report are listed on the **OC Internal Auditor's Report** on page 2.

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John Wayne Airport - JCDecaux Airport, Inc.
Audit No. 2937-C*

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OC Internal Auditor's Report



Audit No. 2937-C

April 27, 2010

TO: Alan L. Murphy, Director
John Wayne Airport

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

SUBJECT: **First and Final Close-Out** Follow-Up Audit of Revenue Generating Lease Audit:
JWA/JCDecaux Airport, Inc., Original Audit No. 2834, Issued August 25, 2009

Scope of Review

We have completed a First Follow-Up Audit of Revenue Generating Lease Audit: JWA - JCDecaux Airport, Inc. Our audit was limited to reviewing, as of March 17, 2010, actions taken to implement the two (2) recommendations from our original audit.

Background

The original audit reviewed whether JCDecaux Airport, Inc.'s records adequately supported monthly gross receipts reported to the County and rent was properly paid. During the original 12-month audit period, JCDecaux Airport, Inc. reported \$2.8 million in gross receipts and paid \$1.7 million in rent to the County.

The original audit found that JCDecaux Airport Inc.'s records adequately supported gross receipts. However, additional rent of \$25,220 was owed to the County for technical charges, resulting in two (2) recommendations related to rent for technical charges.

Results

Our First Follow-Up Audit indicated that JWA and JCDecaux Airport, Inc. (JCDecaux) fully implemented the (2) recommendations. **As such, this report represents the final close-out of the original audit.** The following is the implementation status of the two (2) recommendations:

1. Rent Owed for Technical Charges (Two Control Findings)

Recommendation No. 1: We recommend that JWA require JCDecaux to begin reporting the phone board technical charges as gross receipts to the County and pay the appropriate percentage rent.

Current Status: **Implemented.** Our review of documentation provided by JWA found that JCDecaux is now reporting phone board technical charges and paying the appropriate percentage rent to the County.

OC Internal Auditor's Report



Recommendation No. 2: We also recommend that JWA require JCDecaux to pay additional rent owed of \$2,202 for the audit period.

Current Status: **Implemented.** Our review of documentation provided by JWA found that JCDecaux has paid additional rent owed of \$2,202 for the audit period and \$23,018 for the pre-audit period.

We appreciate the cooperation and assistance extended to us by John Wayne Airport during our Follow-Up Audit. If you have any questions, please contact me directly or Eli Littner, Deputy Director at (714) 834-5899, or Autumn McKinney, Senior Audit Manager at (714) 834-6106.

Distribution Pursuant to Audit Oversight Committee Procedure No. 1:

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