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

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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.

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Limited Review of Lease Revenue for Newport Dunes Waterfront Resort
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As of August 31, 2007

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,

Peter Hughes

Dr. Peter Hughes, CPA
Director, Internal Audit Department

ATTACHMENTS

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