



OC Board of Supervisors' Internal Audit Department

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

AUDIT HIGHLIGHT

AUGUST 6, 2009

INTERNAL AUDITOR'S REPORT TO THE BOARD OF SUPERVISORS

REVENUE GENERATING OPERATING AGREEMENT AUDIT: JOHN WAYNE AIRPORT PARKING CONCEPTS, INC. Audit No. 2732

WHAT WE FOUND?

We found that Parking Concepts, Inc.'s (PCI) records adequately supported annual gross receipts of approximately **\$35.5 million** collected and remitted to JWA. However, we found that PCI's labor records supporting approximately **\$4 million** in fees billed to JWA for operating the parking facility were not adequate. This was primarily because PCI's employee timecards and labor distribution reports do not reflect the actual job code worked by an employee when the employee substitutes or backfills for another position category.

We identified fourteen (14) **Control Findings** where record keeping should be enhanced to support the fees billed to JWA. JWA agreed with fourteen (14) findings and recommendations and is working with PCI to implement corrective actions.

WHY IS THIS AUDIT IMPORTANT?

All gross receipts (parking revenue) generated at JWA is collected by PCI and remitted to JWA. PCI is paid an operating fee based on fixed hourly rates for hours worked by specified labor classifications. We audit the underlying books and records to ensure gross receipts are complete and properly remitted to JWA, and fees are appropriately billed as defined by the operating agreement. During the audit period of June 1, 2007 through May 31, 2008, PCI collected and remitted to JWA approximately \$35.5 million of gross receipts and was paid a fee of approximately \$4 million.

BACKGROUND INFORMATION (SEE COMPLETE AUDIT REPORT FOR DETAIL)

The County of Orange (County) entered into an operating agreement with Parking Concepts, Inc. (PCI) dated July 29, 2003, as amended, for the management and operation of the parking facilities located at JWA.

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For more information, please contact Dr. Peter Hughes, CPA, County Internal Auditor at (714) 834-5475 or
peter.hughes@iad.ocgov.com