



OC Board of Supervisors' Internal Audit Department

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

AUDIT HIGHLIGHT JULY 9, 2009

INTERNAL AUDITOR'S REPORT TO THE BOARD OF SUPERVISORS

REVENUE GENERATING LEASE AUDIT: OC COMMUNITY RESOURCES/OC PARKS MILE SQUARE GOLF COURSE Audit No. 2739

WHAT WE FOUND?

We found that Mile Square Golf Course's records adequately supported gross receipts of **\$13.7 million** and rent of **\$3.2 million** was properly paid to the County in accordance with the lease agreement for the 17-month period of April 1, 2007 through August 31, 2008.

We identified five (5) **Control Findings** related to record-keeping, lease compliance, or internal controls that if implemented will help further ensure the complete and accurate reporting of future rent. OC Parks agreed with all five (5) findings and recommendations and is working with Mile Square Golf Course to implement corrective actions.

WHY IS THIS AUDIT IMPORTANT?

This audit is a critical control because this 40-year lease is estimated to generate over \$90 million to the OC Parks. Rent is paid to the County based on a percentage of gross receipts. We audit the underlying books and records to ensure gross receipts are complete and proper rent is paid as defined by the lease agreement. During the audit period of April 1, 2007 through August 31, 2008, Mile Square Golf Course reported approximately \$13.7 million in gross receipts and paid the County approximately \$3.2 million in rent.

BACKGROUND INFORMATION (SEE COMPLETE AUDIT REPORT FOR DETAIL)

The County of Orange entered into a 40-year lease agreement with Mile Square Golf Course, dated June 18, 1999, for the operation of a 36-hole golf course facility, driving range, clubhouse, restaurant with banquet facilities, and pro-shop.

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