

Internal Audit Department

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

FINAL CLOSE-OUT

FIRST FOLLOW-UP AUDIT:

REVIEW OF LEASE REVENUE OC PUBLIC WORKS RIVER VIEW GOLF COURSE ORIGINAL AUDIT No. 2736

AS OF MAY 6, 2009

OC Public Works and River View Golf Course satisfactorily implemented all eight (8) recommendations from our original audit report.

During the original audit, River View Golf Course reported approximately \$1.5 million in gross receipts and paid rent to the County of approximately \$81,000. Over its approximate 56 year term, this lease agreement is estimated to generate over \$3.3 million in rent to the County.

AUDIT NO: 2840-G
REPORT DATE: JULY 10, 2009

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Deputy Director: Eli Littner, CPA, CIA
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OC Fraud Hotline (714) 834-3608

Letter from Dr. Peter Hughes, CPA



Transmittal Letter



Audit No. 2840-G July 10, 2009

TO: Bryan Speegle, Director
OC Public Works

FROM: Dr. Peter Hughes, CPA
County Internal Auditor

SUBJECT: **First and Final Close-Out** Follow-Up
Audit of Review of Lease Revenue for
River View Golf Course (Original Audit
No. 2736, Issued May 23, 2008)

We have completed a First and Final Close-Out Follow-Up Audit of Review of Lease Revenue for River View Golf Course. Our audit was limited to reviewing, as of May 6, 2009, actions taken to implement the eight (8) recommendations in our original report dated May 23, 2008.

The results of our Follow-Up Audit are discussed in the **County Internal Auditor's Report** following this transmittal letter. Because satisfactory corrective action has been taken for all recommendations, **this report represents the 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.

Attachments

Other recipients of this report are listed on the **County Internal Auditor's Report** on page 3.

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OC Public Works
River View Golf Course (Original Audit No. 2736)
Audit No. 2840-G*

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County Internal Auditor's Report



Audit No. 2840-G

July 10, 2009

TO: Bryan Speegle, Director
OC Public Works

FROM: Dr. Peter Hughes, CPA
County Internal Auditor

SUBJECT: First and Final Close-Out Follow-Up Audit of Review of Lease Revenue
River View Golf Course, (Original Audit No. 2736, Issued May 23, 2008)

Scope of Review

We have completed a First and Final Close-Out Follow-Up Audit of Review of Lease Revenue for River View Golf Course (River View). Our audit was limited to reviewing actions taken as of May 6, 2009 to implement the eight (8) recommendations made in our original audit report.

Background

The original audit reviewed whether River View's records adequately supported their monthly gross receipts reported to the County. During the original audit, the golf course generated approximately \$1.5 million in gross receipts and the rent paid to the County was approximately \$81,000. The original audit identified eight (8) recommendations related to additional rent owed due to clerical error, numbering range cards, issuing register receipts automatically, golf lesson documentation, segregation of duties, and clarification on items related to golf pros.

Results

OC Public Works and River View implemented all eight (8) recommendations from the original audit report. As such, this report represents the **final close-out** of the original audit. Following is the implementation status of the eight (8) original recommendations:

1. Additional Rent Owed Due to Clerical Error (**Control Finding**)

Recommendation No. 1: We recommend that OC Public Works require River View to pay additional rent of \$503 owed for December 2006.

Current Status: **Implemented.** Our review of documentation provided by OC Public Works found that River View paid the additional rent owed.



2. Numbering Range Cards (Control Finding)

Recommendation No. 2: We recommend that OC Public Works require River View to use serially numbered range cards.

Current Status: **Implemented.** Our review of documentation provided by OC Public Works found that River View now serially numbers its range cards.

3. Automatically Issuing Register Receipts (Control Finding)

Recommendation No. 3: We recommend that OC Public Works require River View to automatically issue cash register receipts.

Current Status: **Implemented.** Our review of documentation provided by OC Public Works found that River View has provided written assurance that effective September 1, 2008, it is issuing register receipts automatically.

4. Golf Lesson Documentation (Three Control Findings)

Recommendation No. 4: We recommend that OC Public Works require River View to ensure its golf pros issue pre-numbered handwritten receipts when lesson fees are collected.

Current Status: **Implemented.** Our review of documentation provided by OC Public Works found that River View's golf pros now utilize pre-numbered handwritten receipts.

Recommendation No. 5: We also recommend that OC Public Works require River View to ensure its golf pros submit copies of each handwritten receipt to River View as support for lesson fees reported to the County.

Current Status: **Implemented.** Our review of documentation provided by OC Parks found that River View has provided written assurance that its golf pros submit copies of handwritten receipts to support reported lesson fees.

Recommendation No. 6: We recommend that OC Public Works require River View to ensure its golf pros report all lesson fees as gross receipts when collected.

Current Status: **Implemented.** Our review of documentation provided by OC Public Works found that River View has provided written assurance that its golf pros are reporting lesson fees as gross receipts when collected.

5. Segregation of Duties Risk (Control Finding)

Recommendation No. 7: We recommend that OC Public Works evaluate whether River View should implement additional controls to further mitigate the segregation of duties risk.

Current Status: **Implemented.** Our review of documentation found that OC Public Works advised River View of additional controls that should be implemented. Specifically, River View should issue receipts to customers automatically. Additionally, River View now posts a sign advising customers to expect a receipt.



6. Golf Pro Items for Clarification (Control Finding)

Recommendation No. 8: We recommend that OC Public Works evaluate whether any of the above items (i.e. junior golf program, golf pro commissions, and golf pro written agreements) should be clarified in writing.

Current Status: **Implemented.** OC Public Works provided the written clarification regarding the junior golf program, golf pro commissions, and golf pro written agreements as recommended.

We appreciate the cooperation and assistance extended to us by OC Public Works 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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