OC Community Resources/OC Parks satisfactorily implemented all three (3) audit recommendations from our original audit report.

During the original audit, Sunset Aquatic Marina reported approximately $4.2 million in gross receipts and paid rent to the County of approximately $717,000.

Audit No: 2840-E
Report Date: APRIL 22, 2009

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To access and view audit reports or obtain additional information about the OC Internal Audit Department, visit our website: [www.ocgov.com/audit](http://www.ocgov.com/audit)

**OC Fraud Hotline (714) 834-3608**
Transmittal Letter

Audit No. 2840-E April 22, 2009

TO: Steve Franks, Director
OC Community Resources

FROM: Dr. Peter Hughes, CPA
County Internal Auditor

SUBJECT: First and Final Close-Out Follow-Up Audit of Review of Lease Revenue Sunset Aquatic Park, Ltd., dba Sunset Aquatic Marina (Original Audit No. 2740, Issued August 14, 2008)

We have completed a First and Final Close-Out Follow-Up Audit of Review of Lease Revenue Sunset Aquatic Park, Ltd., dba Sunset Aquatic Marina. Our audit was limited to reviewing, as of February 14, 2009, actions taken to implement the three recommendations in our original report dated August 14, 2008.

The results of our Follow-Up Audit are discussed in the OC Internal Auditor’s Executive 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 Board of Supervisors 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 listed on the Internal Auditor’s Report on page 2.
# Table of Contents

*First and Final Close-Out Follow-Up Audit: Review of Lease Revenue Sunset Aquatic Park, Ltd., dba Sunset Aquatic Marina (Original Audit No. 2740)*
*Audit No. 2840-E*

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Audit No. 2840-E

TO: Steve Franks, Director
OC Community Resources

FROM: Dr. Peter Hughes, CPA
County Internal Auditor

SUBJECT: First and Final Close-Out Follow-Up Audit of Review of Lease Revenue Sunset Aquatic Park, Ltd., dba Sunset Aquatic Marina, (Original Audit No. 2740, Issued August 14, 2008)

Scope of Review
We have completed a First and Final Close-Out Follow-Up Audit of Review of Lease Revenue Sunset Aquatic Park, Ltd., dba Sunset Aquatic Marina. Our audit was limited to reviewing actions taken as of February 14, 2009 to implement the three (3) recommendations made in our original audit report.

Background
The original audit reviewed whether Sunset Aquatic Marina’s records adequately supported their monthly gross receipts reported to the County. During the original audit, Sunset Aquatic Marina generated approximately $4.2 million in gross receipts and paid approximately $717,000 in rent to the County. The original audit report contained three (3) recommendations related to the annual lease rent calculation, misclassification of sublease gross receipts, and boat launch parking non-resettable counter.

Results
OC Community Resources/OC Parks (OC Parks) and Sunset Aquatic Marina successfully implemented all three (3) of the recommendations. As such, this report represents the final close-out of the original audit. Following is the implementation status of the three (3) original recommendations:

1. Annual Lease Rent Calculation – Tax Basis Revenue vs. Gross Receipts (Control Finding)
   Recommendation No. 1: We recommend that OC Parks require Sunset Aquatic Marina to calculate annual lease rent in accordance with Clause 8B of the Agreement.

   Current Status: Implemented. Our review of documentation provided by OC Parks found that Sunset Aquatic Marina agreed to calculate annual lease rent using annual gross receipts in accordance with the Agreement, beginning with the 2008 calculation which is due by March 31, 2009.
2. **Misclassification of Sublease Gross Receipts** *(Control Finding)*

**Recommendation No. 2:** We recommend that OC Parks require Sunset Aquatic Marina to report sublessee gross receipts in the correct percentage rent categories.

**Current Status:** **Implemented.** Our review of documentation provided by OC Parks found that Sunset Aquatic Marina is now reporting sublessee gross receipts in the correct percentage rent categories.

3. **Boat Launch Parking Non-Resettable Counter** *(Control Finding)*

**Recommendation No. 3:** We recommend that OC Parks require Sunset Aquatic Marina to account for the sequential number on the Cash Box tickets during the balancing process to ensure there are no breaks in sequence.

**Current Status:** **Implemented.** Our review of documentation provided by OC Parks found that Sunset Aquatic Marina is accounting for the Cash Box ticket sequential number during balancing.

We appreciate the cooperation and assistance extended to us by OC Community Resources/OC Parks during our Follow-Up Audit. If you have any questions, please contact me directly or Eli Littner, Deputy Director at 834-5899, or Autumn McKinney, Senior Audit Manager at 834-6106.

Distribution Pursuant to Audit Oversight Committee Procedure No. 1:

- Members, Board of Supervisors
- Members, Audit Oversight Committee
- Thomas G. Mauk, County Executive Officer
- Alisa Drakodaidis, Deputy CEO/OC Infrastructure
- Mark Denny, Director, OC Community Resources/OC Parks
- Michael Brajdic, Deputy Director, OC Community Resources/OC Parks
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