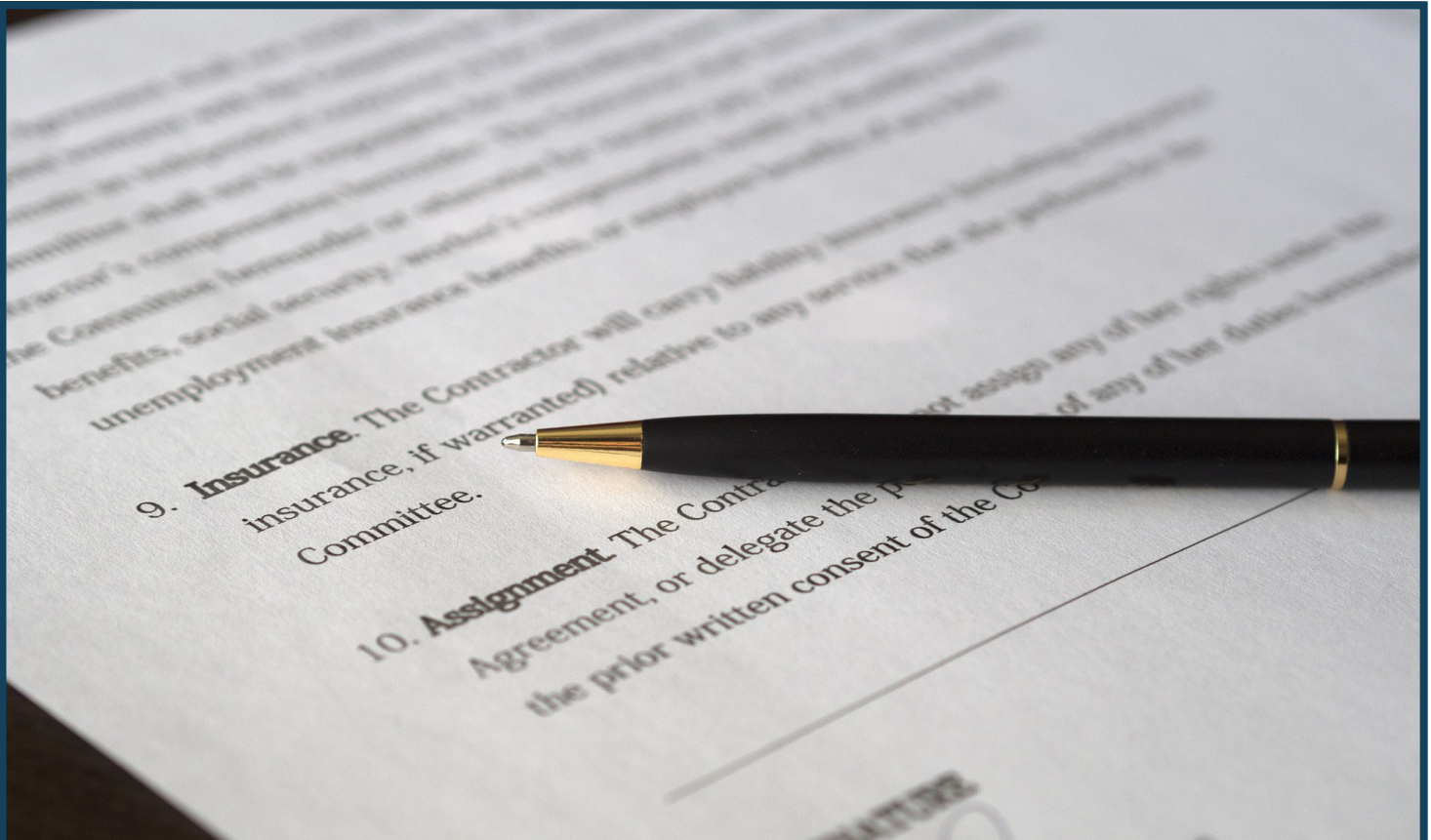




INTERNAL AUDIT DEPARTMENT



Second & Final Close-Out Follow-Up Internal Control Audit: CEO/Real Estate - Revenue Generating Lease Administration Process

As of June 30, 2020

Audit No. 1939-S (Reference 1730-F2)
Report Date: July 28, 2020

Recommendation Status

FIRST FOLLOW-UP SECOND FOLLOW-UP

2	Implemented	2
2	In Process	0
0	Not Implemented	0
0	Closed	0

Second Follow-Up totals represent findings that were
In Process or Not Implemented at First Follow-Up

OC Board of Supervisors

CHAIRWOMAN MICHELLE STEEL
SECOND DISTRICT

VICE CHAIRMAN ANDREW DO
FIRST DISTRICT

SUPERVISOR DONALD P. WAGNER
THIRD DISTRICT

SUPERVISOR DOUG CHAFFEE
FOURTH DISTRICT

SUPERVISOR LISA A. BARTLETT
FIFTH DISTRICT



INTERNAL AUDIT DEPARTMENT

Audit No. 1939-S
(Reference 1730-F2)

July 28, 2020

To: Thomas "Mat" Miller
Chief Real Estate Officer

From: Aggie Alonso, CPA, CIA, CRMA
Internal Audit Department Director

Subject: Second & Final Close-Out Follow-Up Internal Control Audit: CEO/Real Estate –
Revenue Generating Lease Administration Process

We have completed a follow-up audit of CEO/Real Estate's revenue generating lease administration process as of June 30, 2020, original Audit No. 1730, dated March 5, 2019. Details of our results immediately follow this letter. Additional information including background and our scope is included in Appendix A.

Our Second Follow-up Audit concluded CEO/Real Estate implemented the two (2) remaining recommendations from the original audit. Because the recommendations were implemented, this report represents the final close-out of the original audit.

We appreciate the assistance extended to us by CEO/Real Estate personnel during our follow-up audit. If you have any questions, please contact me at 714.834.5442 or Assistant Director Scott Suzuki at 714.834.5509.

Attachments

Other recipients of this report:

- Members, Board of Supervisors
- Members, Audit Oversight Committee
- CEO/Real Estate Distribution
- Robin Stieler, Clerk of the Board
- Foreperson, Grand Jury
- Eide Bailly, LLP, County External Auditor

INTERNAL AUDIT DEPARTMENT

RESULTS

FINDING NO. 1	Visual Lease
CATEGORY	Control Finding
RECOMMENDATION	We recommend that CEO/Real Estate prioritize the implementation of Visual Lease.
CURRENT STATUS	<p>Implemented. CEO/Real Estate provided a system-generated report of all revenue leases abstracted into the Visual Lease database system. The report contained a total of 151 leases, which is consistent with our original audit population and confirms Visual Lease has been implemented.</p> <p>Based on the actions taken by CEO/Real Estate, we consider this recommendation implemented.</p>

FINDING NO. 2	Policy and Procedures
CATEGORY	Control Finding
RECOMMENDATION	We recommend that CEO/Real Estate establish written policy and procedures that clearly delineate its responsibilities for revenue generating lease contract administration versus applicable department responsibilities.
CURRENT STATUS	<p>Implemented. CEO/Real Estate has developed procedures which clearly delineate CEO/Real Estate's responsibilities for revenue generating lease contract administration versus what departments are responsible for.</p> <p>Based on the actions taken by CEO/Real Estate, we consider this recommendation implemented.</p>

AUDIT TEAM	Scott Suzuki, CPA, CIA, CISA, CFE Michael Dean, CPA, CIA, CISA Gianne Morgan, CIA Virginia Nguyen, CPA	Assistant Director Senior Audit Manager Audit Manager Senior Auditor
-------------------	---	---



INTERNAL AUDIT DEPARTMENT

APPENDIX A: ADDITIONAL INFORMATION

SCOPE	Our follow-up audit was limited to reviewing actions taken by CEO/Real Estate as of June 30, 2020 to implement the two (2) remaining recommendations from our First Follow-Up Audit No. 1939-C, dated December 17, 2019.
BACKGROUND	The original audit evaluated operational effectiveness of internal control over the revenue generating lease administration process. The First Follow-Up Audit concluded CEO/Real Estate implemented two (2) recommendations and was in process of implementing two (2) recommendations.



INTERNAL AUDIT DEPARTMENT

APPENDIX B: FOLLOW-UP AUDIT IMPLEMENTATION STATUS

Implemented	In Process	Not Implemented	Closed
The department has implemented our recommendation in all respects as verified by the follow-up audit. No further follow-up is required.	The department is in the process of implementing our recommendation. Additional follow-up may be required.	The department has taken no action to implement our recommendation. Additional follow-up may be required.	Circumstances have changed surrounding our original finding/recommendation that: (1) make it no longer applicable or (2) the department has implemented and will only implement a portion of our recommendation. No further follow-up is required.

