



INTERNAL AUDIT DEPARTMENT
COUNTY OF ORANGE

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FINAL CLOSE-OUT

SECOND FOLLOW-UP AUDIT
LIMITED LEASE REVIEW
OF
SAND CANYON LLC
(STRAWBERRY FARMS GOLF CLUB)

(ORIGINAL AUDIT No. 2340)

AS OF
OCTOBER 31, 2006

AUDIT NUMBER: 2654-C

REPORT DATE: DECEMBER 18, 2006

Audit Director: Peter Hughes, Ph.D., CPA
Deputy Director: Eli Littner, CPA, CIA
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Final Close-Out

**Second Follow-Up Audit
Limited Lease Review of Sand Canyon LLC
(Strawberry Farms Golf Club)
Original Audit No. 2340**

**As of
October 31, 2006**

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Transmittal Letter

Audit No. 2654-C

December 18, 2006

TO: Bryan G. Speegle, Director
Resources and Development Management Department

FROM: Peter Hughes, Ph.D., CPA, Director
Internal Audit Department

SUBJECT: **Final Close-Out** Second Follow-Up Audit of the Limited Lease Review of Sand Canyon LLC (Strawberry Farms Golf Club), Original Audit No. 2340

We have completed a Second Follow-Up Audit of the Limited Lease Review of Sand Canyon LLC (Strawberry Farms Golf Club). Our audit was limited to reviewing, as of October 31, 2006, actions taken to implement the remaining three recommendations noted in our first Follow-Up Audit report dated October 4, 2006. The recommendations stemmed from our original audit report dated July 2, 2004. The results of our follow-up audit are discussed in the **Internal Auditor's Report** following this transmittal letter. Because satisfactory corrective action has been taken for the three remaining recommendations, this report represents the close-out of the original audit.

As the Director of Internal Audit, I now submit a monthly audit status report to the Board of Supervisors (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.

Other recipients of this report:

Members, Board of Supervisors
Members, Audit Oversight Committee
Thomas G. Mauk, County Executive Officer
Parker Hancock, Interim Director, RDMD/Harbors, Beaches & Parks
Rich Adler, Chief, RDMD/HB&P/Lease Management
Mike Hentzen, Leasing Coordinator, RDMD/HB&P/Lease Management
Steve Danley, Director, RDMD/Administration
Mary Fitzgerald, Manager, RDMD/Accounting Services
Josie Velasquez, Chief, RDMD/Accounting/Santa Ana River, Watershed, Flood, Leases, and Infrastructure

Other recipients of this report (continued):

Vivienne Thornton, Administrative Manager I, RDMD/Accounting/Watershed, Flood, Leases
& Infrastructure

Brian Cich, Senior Accountant I, RDMD/Accounting/Leases & Infrastructure

Debra Lakin, Chief, RDMD/Central Quality Assurance

Foreperson, Grand Jury

Darlene J. Bloom, Clerk of the Board of Supervisors



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INTERNAL AUDITOR'S REPORT
FINAL CLOSE-OUT

Audit No. 2654-C

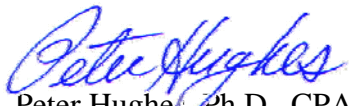
December 18, 2006

Bryan Speegle, Director
Resources & Development Management Department
300 N. Flower Street
Santa Ana, CA 92703

We have completed the second Follow-Up Audit of the Limited Lease Review of Sand Canyon LLC (Strawberry Farms Golf Club). Our Follow-Up Audit was limited to reviewing actions taken as of October 31, 2006 to implement the three (3) remaining recommendations made in our first Follow-Up Audit report dated October 4, 2006.

The original audit report issued on July 2, 2004 contained eleven (11) recommendations. Our first Follow-Up Audit found that three (3) recommendations were not fully implemented. In our second Follow-Up Audit, we found satisfactory corrective action has been taken for the remaining three (3) recommendations. As such, **this report represents the final close-out of the original audit.**

Sincerely,


Peter Hughes, Ph.D., CPA
Director, Internal Audit

Distribution Pursuant to Audit Oversight Committee Procedure No. 1:

- Members, Board of Supervisors
- Members, Audit Oversight Committee
- Thomas G. Mauk, County Executive Officer
- Parker Hancock, Interim Director, RDMD/Harbors, Beaches & Parks
- Rich Adler, Chief, RDMD/HB&P/Lease Management
- Mike Hentzen, Leasing Coordinator, RDMD/HB&P/Lease Management
- Steve Danley, Director, RDMD/Administration
- Mary Fitzgerald, Manager, RDMD/Accounting Services
- Josie Velasquez, Chief, RDMD/Accounting/Santa Ana River, Watershed, Flood, Leases, and Infrastructure
- Vivienne Thornton, Administrative Manager I, RDMD/Accounting/Watershed, Flood, Leases & Infrastructure

Bryan Speegle, Director
Resources and Development Management Department
December 18, 2006
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