



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

AUDITOR-CONTROLLER

I N T E R N A L A U D I T

**FIRST AND FINAL CLOSE-OUT  
FOLLOW-UP  
REVENUE GENERATING LEASE  
AUDIT:**

**JOHN WAYNE AIRPORT  
DOLLAR RENT A CAR**

**As of March 16, 2016**



**Audit Number 1438-F1 (Reference 1534)  
Report Date: June 8, 2016**



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**ERIC H. WOOLERY, CPA**  
AUDITOR-CONTROLLER



**Transmittal Letter**

**Audit No. 1438-F1**  
**(Reference 1534)**

**June 8, 2016**

**TO:** Barry A. Rondinella, Airport Director  
John Wayne Airport

**SUBJECT:** First and **Final Close-Out Follow-Up** Revenue Generating Lease Audit:  
John Wayne Airport/Dollar Rent A Car, Original Audit No. 1438, Issued  
September 28, 2015

We have completed our First and Final Close-Out Follow-Up Revenue Generating Lease Audit of John Wayne Airport/Dollar Rent A Car. Our audit was limited to reviewing, as of March 16, 2016, action taken to implement the **two (2) recommendations** from our original audit report.

The results of our First Follow-Up Audit are discussed in the **Internal Auditor's Report** following this transmittal letter. We are pleased to report that our First Follow-Up Audit found that John Wayne Airport and Dollar Rent A Car have **implemented the two (2) recommendations** from our original audit report. **As such, this report represents the final close-out of the original audit.**

Each month I submit an **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.

Toni Smart, CPA, Director  
Auditor-Controller Internal Audit Division

**Attachment**

Other recipients of this report:

- Members, Board of Supervisors
- Members, Audit Oversight Committee
- Eric H. Woolery, Auditor-Controller
- Frank Kim, County Executive Officer
- Mark Denny, Chief Operating Officer
- Jessica Witt, Deputy Chief Operating Officer
- Courtney Wiercioch, Assistant Airport Director, John Wayne Airport
- David DeLeon, Acting Deputy Airport Director of Business Development, John Wayne Airport
- Mariane Teschner, Deputy Airport Director of Finance & Administration, John Wayne Airport

*Barry A. Rondinella, Airport Director  
John Wayne Airport  
June 8, 2016*

Barbara Swift, Business Development Manager, John Wayne Airport  
Tonya Riley, Director of Satellite Accounting Operations, Auditor-Controller  
Vivienne Thornton, Accounting Manager II, Auditor-Controller/JWA Accounting Operations  
Jessie Zhu, Accounting Manager I, Auditor-Controller/JWA Accounting Operations  
Kenneth Wong, Quality Assurance & Compliance Manager, John Wayne Airport  
Foreperson, Grand Jury  
Robin Stieler, Clerk of the Board of Supervisors  
Macias Gini & O'Connell LLP, County External Auditor



# Table of Contents

---

*First and Final Close-Out Follow-Up  
Revenue Generating Lease Audit:  
John Wayne Airport/Dollar Rent A Car  
Audit No. 1438-F1 (Reference 1534)*

Transmittal Letter	i
Internal Auditor's Report	
SCOPE	1
BACKGROUND	1
RESULTS	1

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# Internal Auditor's Report

**Audit No. 1438-F1  
(Reference 1534)**

**June 8, 2016**

TO: Barry A. Rondinella, Airport Director  
John Wayne Airport

FROM: Toni Smart, CPA, Director  
Auditor-Controller Internal Audit Division

SUBJECT: First and **Final Close-Out Follow-up** Revenue Generating Lease Audit:  
John Wayne Airport/Dollar Rent A Car, Original Audit No. 1438, Issued  
September 28, 2015

## SCOPE

We have completed a First and Final Close-Out Follow-up Revenue Generating Lease Audit for John Wayne Airport (JWA) Hertz/Dollar Rent A Car (Dollar Rent A Car). Our follow-up was limited to reviewing actions taken as of March 16, 2016, to implement the two (2) recommendations made in the original audit.

## BACKGROUND

The original audit reviewed whether Dollar Rent A Car's records adequately supported its monthly gross receipts reported to the County. During the original audit, Dollar Rent A Car generated approximately **\$7.76** million in gross receipts and paid the County approximately **\$776,000** in rent. The original audit identified two (2) findings related to gross receipts reduction by bad debts and compliance with monthly gross receipts report format.

## RESULTS

Our follow-up review indicated that JWA implemented the recommendations from the original audit.

### **Finding No. 1 – Gross Receipts Reduced by Bad Debts (Control Finding)**

Recommendation No. 1: We recommend that JWA require Dollar Rent A Car to properly report gross receipts by not reducing bad debts and pay rent owned of \$3,481. JWA should also require Dollar Rent A Car to pay related rent owed for the period subsequent to our audit period.

Current Status: **Fully Implemented.** On August 5, 2015, JWA sent Dollar Rent A Car a letter of audit findings explaining in detail the exact nature of the noncompliance findings and requiring Dollar Rent A Car to provide information on the actions taken to address the findings. On August 7, 2015, Dollar Rent A Car responded with a description of its corrective actions. The responses from Dollar Rent A Car indicated that the underreported gross receipts attributed to the bad debts from chargebacks between December 1, 2013 and July 31, 2015 totaled \$45,994. The bad debt reductions resulted in additional rent owed to JWA of \$4,599 (\$45,994 x 10%). On October 5, 2015, JWA received a payment of \$4,599 for the additional rent owned.



# Internal Auditor's Report

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## **Finding No. 2 – Compliance with Monthly Gross Receipts Report Form (Control Finding)**

Recommendation No. 2: We recommend that JWA require Dollar Rent A Car to comply with the County's monthly gross receipts report format by properly reporting the gross receipts before deductions and separately reporting or listing the permitted deduction items.

Current Status: Fully Implemented. On August 5, 2015, JWA sent Dollar Rent A Car a letter of audit findings explaining in detail the exact nature of the noncompliance findings and requiring Dollar Rent A Car to provide information on the actions taken to address the findings. On August 7, 2015, Dollar Rent A Car responded with a description of its corrective actions. We reviewed the October through December 2015 monthly gross receipts reports and found that Dollar Rent A Car properly reported the gross receipts before deductions and separately reported the permitted deduction items.

We appreciate the courtesy and cooperation extended to us by JWA personnel during our Follow-Up Audit. If we can be of further assistance, please contact me directly at (714) 834-5442 or Nancy Ishida, Senior Audit Manager at (714) 796-8067.