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FINAL CLOSE-OUT **SECOND FOLLOW-UP AUDIT:**

REVIEW OF OPERATING AGREEMENTS **OC PUBLIC WORKS** PARKING CONCEPTS, INC. **ORIGINAL AUDIT No. 2590**

As of June 8, 2009

OC Public Works and Parking Concepts, Inc. (PCI) satisfactorily implemented all three (3) recommendations remaining from our First Follow-Up Audit.

The original audit report contained twenty-five (25) recommendations. Our First Follow-Up Audit (No. 2651) found that OCPW and PCI satisfactorily implemented nineteen (19) recommendations, partially implemented one (1) recommendation, and did not implement two (2) recommendations. Three (3) recommendations were also closed for follow-up purposes. During the original 12-month audit period, Parking Concepts, Inc. remitted approximately \$6.7 million in gross receipts to the County and received payments of approximately \$1.7 million for the two operating agreements with the County.

> AUDIT No: 2840-F REPORT DATE: JULY 20, 2009

County Internal Auditor: Dr. Peter Hughes, CPA Deputy Director: Eli Littner, CPA, CIA Senior Audit Manager: Autumn McKinney, CPA, CIA Senior Internal Auditor: Susan Nestor, CPA, CIA



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RISK BASED AUDITING

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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



OC Fraud Hotline (714) 834-3608

Letter from Dr. Peter Hughes, CPA



Transmittal Letter

Audit No. 2840-F July 20, 2009

TO: Bryan Speegle, Director OC Public Works

FROM: Dr. Peter Hughes, CPA County Internal Auditor

SUBJECT: Second and Final Close-Out Follow-Up

Audit of Review of Operating Agreements with Parking Concepts, Inc. (Original Audit No. 2590, Issued September 11, 2006)

We have completed a Second and Final Close-Out Follow-Up Audit of Review of Operating Agreements with Parking Concepts, Inc. Our audit was limited to reviewing, as of June 8, 2009, actions taken to implement the three (3) recommendations remaining from our first follow-up audit report dated July 24, 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 listed on the **County Internal Auditor's Report** on page 2.

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County Internal Auditor's Report



Audit No. 2840-F July 20, 2009

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TO: Bryan Speegle, Director

OC Public Works

FROM: Dr. Peter Hughes, CPA

County Internal Auditor

SUBJECT: Second and Final Close-Out Follow-Up Audit of Review of Operating

Agreements with Parking Concepts, Inc. (Original Audit

No. 2590, Issued September 11, 2006)

Scope of Review

We have completed a Second and Final Close-Out Follow-Up Audit of Review of Operating Agreements with Parking Concepts, Inc. Our audit was limited to reviewing actions taken as of June 8, 2009 to implement the three (3) recommendations remaining from our first follow-up audit report dated July 24, 2008.

Background

The original audit reviewed whether Parking Concepts, Inc.'s records adequately supported their monthly gross receipts reported to the County. During the original 12-month audit period, Parking Concepts, Inc. remitted approximately \$6.7 million in gross receipts to the County and received payments of approximately \$1.7 million for the two operating agreements with the County.

Our First Follow-Up Audit (No. 2651) found that OC Public Works and Parking Concepts, Inc. satisfactorily implemented nineteen (19) recommendations, partially implemented one (1) recommendation, and did not implement two (2) recommendations. Three (3) recommendations were also closed for follow-up purposes.

The three (3) recommendations remaining from the first follow-up audit related to reconciliation of daily tickets issued and collected, documenting reasons for missing tickets, and documentation for key cards authorized.

Results

OC Public Works and Parking Concepts, Inc. implemented all three (3) remaining recommendations from the first follow-up report. As such, this report represents the **final close-out** of the original audit. Following is the implementation status of the three (3) remaining recommendations:

County Internal Auditor's Report

1. Reconciliation of Daily Tickets Issued/Collected (No. 6) (Control Finding)

<u>Recommendation:</u> We recommend that OC Public Works require Parking Concepts, Inc. (PCI) to prepare accurate reconciliations of tickets issued/collected with the layover inventory, and provide documented explanations for any unreconciled differences exceeding the approved thresholds.

<u>Current Status</u>: **Implemented.** Our review of documentation provided by OC Public Works found that reconciliations of tickets issued/collected are being prepared and explanations are provided for unreconciled differences. In addition, OC Public Works is monitoring the number of voided and missing tickets.

2. Documenting Reasons for Missing Tickets (No. 9) (Control Finding)

<u>Recommendation:</u> We recommend that OC Public Works require PCI to document reasons for unusual amounts of non-cash transactions and missing tickets on the daily reports.

<u>Current Status</u>: **Implemented.** Our review of documentation provided by OC Public Works found that PCI is documenting reasons for non-cash transactions and missing tickets on the Daily Master Reports and OC Public Works is reviewing explanations provided.

3. Documentation for Key Cards Authorized (No. 14) (Control Finding)

<u>Recommendation:</u> We recommend that OC Public Works prepare a current master list of the number of key cards authorized for each employer/department and for the monthly key cards issued by PCI.

<u>Current Status</u>: **Implemented.** Our review of documentation provided by OC Public Works found that a Master Keycard Count Report indicating the number of key cards authorized and issued has been prepared.

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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