

Internal Audit Department

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

FINAL CLOSE-OUT

FIRST FOLLOW-UP AUDIT: INTERNAL CONTROL REVIEW OF JOHN WAYNE AIRPORT CASH DISBURSEMENTS ORIGINAL AUDIT No. 2629

AS OF JANUARY 31, 2008

John Wayne Airport (JWA) and JWA Accounting satisfactorily implemented corrective actions to address the three (3) recommendations from our original audit of cash disbursements, in which over \$95 million in expenditures were incurred.

AUDIT NO: 2727-C

REPORT DATE: MARCH 20, 2008

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Internal Audit Department

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Internal Audit Department

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OC Fraud Hotline (714) 834-3608



Transmittal Letter



AUDIT NO. 2727-C

March 20, 2008

TO: Alan L. Murphy, Airport Director
John Wayne Airport

FROM: Dr. Peter Hughes, CPA, Director
Internal Audit Department

SUBJECT: **Final Close-Out** First Follow-Up Audit
of Internal Control Review of John
Wayne Airport Cash Disbursements,
Original Audit No. 2629

We have completed a First and Final Close-Out Follow-Up Audit of cash disbursements in John Wayne Airport (JWA) and JWA Accounting. Our audit was limited to reviewing, as of January 31, 2008, actions taken to implement the three recommendations in our audit report dated April 24, 2007. In that audit, John Wayne Airport incurred over \$95 million in expenditures.

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 all three audit 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.

ATTACHMENT

Other recipients of this report listed on the Internal Auditor's Report on page 2.

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Internal Control Review of
John Wayne Airport Cash Disbursements
Audit No 2727-C
Original Audit No. 2629*

As of January 31, 2008

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INTERNAL AUDITOR'S REPORT

AUDIT No. 2727-C

MARCH 20, 2008

TO: Alan L. Murphy, Director
John Wayne Airport

SUBJECT: **Final Close-Out** First Follow-Up Audit of
Internal Control Review of John Wayne Airport
Cash Disbursements, Original Audit No. 2629

Scope of Review

We have completed a first and Final Close-Out Follow-Up Audit of John Wayne Airport (JWA) cash disbursements. Our audit was limited to reviewing actions taken as of January 31, 2008 to implement the recommendations made in our original audit report dated April 24, 2007.

Results

The original audit report contained three (3) recommendations pertaining to invoice processing timeframes, completion of invoice logs, and approval of vendor additions. **Our Follow-Up Audit found that satisfactory corrective action has taken place for all three audit recommendations.**

In the original audit report, we noted that there were instances where invoices were not processed within 30 days of receipt at JWA due to factors beyond JWA Accounting's control. Based on our recommendations, JWA and JWA Accounting established a formal procedure and timeframes for invoice processing, communicated the policy to all JWA divisions, and documented the reasons for any delays on the invoice logs.

In our Follow-Up Audit, we reviewed the recent invoice log entries and noted continued instances where invoices were not being processed within 30 days of receipt, primarily with Purchase Order invoices. JWA management is aware of the challenges in this area, has implemented steps to improve invoice processing timeframes, continues to monitor and assess invoice processing, and will make appropriate adjustments where they feel is warranted.

Because JWA took satisfactory corrective action regarding the three recommendations and continues to monitor and assess invoice processing timeframes, **this report represents the final close-out of the original audit.**

We appreciate the cooperation and assistance extended to us by JWA and JWA Accounting during our Follow-Up Audit. If you have any questions, please contact me directly or Eli Littner, Deputy Director at 834-5899, or Michael Goodwin, Senior Audit Manager at 834-6066.



Respectfully Submitted,

A handwritten signature in blue ink that reads "Peter Higgins".

Dr. Peter Higgins, CPA, Director
Internal Audit Department

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