OC Board of Supervisors'
Internal Audit Department
ORANGE COUNTY

AUDIT HIGHLIGHT JUNE 24, 2008

INTERNAL AUDITOR'S REPORT TO THE BOARD OF SUPERVISORS

REVIEW OF LEASE REVENUE
CREATIVE CROISSANTS, Audit No. 2735

WHAT WE FOUND?

Creative Croissants properly paid rent of approximately $359,000 to the County in accordance with the terms of its lease agreement. No material weaknesses or significant issues were identified.

In addition, we noted one control finding related to customer refund supporting documentation that if implemented will help to ensure the complete and accurate reporting of future rent.

WHY WE DID THIS AUDIT?

We performed this audit to ensure the County is receiving the proper rent as defined by the lease agreement.

WHY IS THIS AUDIT IMPORTANT?

Rent is paid to the County based on a percentage of gross receipts. We audit the underlying books and records to ensure gross receipts are complete. During the 2007 calendar year, Creative Croissants generated approximately $1.4 million in gross receipts and paid the County approximately $359,000 in rent.

BACKGROUND & INFORMATION (SEE COMPLETE AUDIT REPORT FOR DETAIL)

The County entered into a lease agreement with Creative Host Services, Inc. dba Creative Croissants, effective March 1, 1996, as amended and assigned, for the operation of a coffee specialty concession located on the south airside concourse of the John Wayne Airport passenger terminal.

For more information, please contact Dr. Peter Hughes, CPA, Director of the Internal Audit Department at (714) 834-5475 or peter.hughes@iad.ocgov.com