



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  
AVIS RENT A CAR**

**As of March 15, 2016**



**Audit Number 1437-F1 (Reference 1534)  
Report Date: April 15, 2016**



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

**Eric H. Woolery, CPA**  
**Orange County Auditor-Controller**

<b>Toni Smart, CPA</b>	<b>Director, Internal Audit</b>
<b>Scott Suzuki, CPA, CIA, CISA</b>	<b>Assistant Director</b>
<b>Nancy Ishida, CPA, CIA, CISA</b>	<b>Senior Audit Manager</b>
<b>Susan Nestor, CPA, CIA</b>	<b>Audit Manager I</b>
<b>Brenda Tran, CPA</b>	<b>Senior Internal Auditor</b>

**12 Civic Center Plaza, Room 200**  
**Santa Ana, CA 92701**

Auditor-Controller Web Site  
[www.ac.ocgov.com](http://www.ac.ocgov.com)



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



**Transmittal Letter**

**Audit No. 1437-F1**  
**(Reference 1534)**

**April 15, 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/Avis Rent A Car, Original Audit No. 1437,  
Issued June 11, 2015

We have completed our First and Final Close-Out Follow-Up Revenue Generating Lease Audit of John Wayne Airport/Avis Rent A Car. Our audit was limited to reviewing, as of March 15, 2016, action taken to implement the **one (1) recommendation** 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 Avis Rent A Car have **implemented the one (1) recommendation** 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.

A handwritten signature in blue ink, appearing to read "Toni Smart".

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

*Barry Rondinella, Airport Director  
John Wayne Airport  
April 15, 2016*

Courtney Wiercioch, Assistant Airport Director, JWA  
Ralph Sanchez, Deputy Airport Director, JWA/Business Development  
Barbara Swift, Manager, JWA/Business Development/Asset Management  
Mariane Teschner, Deputy Airport Director, JWA/Finance & Administration  
Tonya Riley, Director, Satellite Accounting Operations, Auditor-Controller  
Vivienne Thornton, Accounting Manager II, JWA/Accounting Operations, Auditor-Controller  
Jessie Zhu, Accounting Manager I, JWA/Accounting Operations, Auditor-Controller  
Kenneth Wong, Quality Assurance and Compliance Manager, JWA  
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/Avis Rent A Car  
Audit No. 1437-F1 (Reference 1534)*

<b>Transmittal Letter</b>	<b>i</b>
<b>Internal Auditor's Report</b>	
<b>SCOPE</b>	<b>1</b>
<b>BACKGROUND</b>	<b>1</b>
<b>RESULTS</b>	<b>1</b>

---



# Internal Auditor's Report

---

**Audit No. 1437-F1  
(Reference 1534)**

**April 15, 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/Avis Rent A Car, Original Audit No. 1437,  
Issued June 11, 2015

## **SCOPE**

We have completed a First and Final Close-Out Follow-Up Revenue Generating Lease Audit for John Wayne Airport/Avis Rent A Car. Our follow-up was limited to reviewing actions taken as of March 15, 2016, to implement the one (1) recommendation made in the original audit.

## **BACKGROUND**

The original audit reviewed whether Avis Rent A Car's records adequately supported its monthly gross receipts reported to the County. During the original audit, Avis Rent A Car generated approximately **\$26.5 million** in gross receipts and paid the County approximately **\$2.9 million** in rent. The original audit identified one (1) finding related to compliance with monthly gross receipts report format and clerical accuracy.

## **RESULTS**

Our follow-up review indicated that John Wayne Airport (JWA) implemented the recommendation from the original audit.

### **Finding No. 1 - Compliance with Monthly Gross Receipts Report Format and Clerical Accuracy (Control Finding)**

Recommendation No. 1: We recommend that JWA require Avis Rent A Car to comply with County monthly gross receipts report format by properly reporting the permitted deduction items and ensuring the clerical and mathematical accuracy of the report.

Current Status: **Fully Implemented.** On June 1, 2015, JWA sent Avis Rent A Car a letter of audit findings explaining in detail the exact nature of the noncompliance and required them to provide specific action taken with regard to the noncompliance and clerical errors. On June 17, 2015, Avis Rent A Car sent its responses with a description of corrective actions taken. JWA reviewed the monthly gross receipts reports between October and December 2015 from Avis Rent A Car noting that the permitted deduction items were separately identifiable on the monthly gross receipts reports. JWA recalculated Avis Rent A Car's monthly gross receipts less allowable deductions between October and December 2015 and determined that the reports were mathematically accurate.

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