#### **EXHIBIT A**

# IAD'S MONTHLY ACTIVITY REPORT

## **JANUARY 2007**

TO THE

## **BOARD OF SUPERVISORS**

Recipient of the Institute of Internal Auditors "Award for Excellence"

The Internal Audit Department is an independent audit function reporting directly to the Orange County Board of Supervisors.



### by the Director of Internal Audit Dr. Peter Hughes, MBA, CPA

Certified Information Technology Professional (CITP), Certified Internal Auditor (CIA), Certified Fraud Examiner (CFE)

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Status Report to the Board of Supervisors by IAD

#### JANUARY AUDIT ACTIVITY:

## WE FINISHED 2 PROJECTS FOR THIS MONTH AS SUMMARIZED BELOW:

#### We completed 2 Follow-Up Audits:

1. <u>Health Care Agency – Contract Administration and Cash Disbursements</u>
Second and Final Close-Out Follow-Up Audit of Health Care Agency
Contract Administration and Cash Disbursements. Corrective action was taken on the **3** remaining recommendations.

#### 2. JWA – Advantage Rent-A-Car

First and Final Close-Out Follow-Up Audit of the Limited Review of License Revenue for Advantage Rent-A-Car. Corrective action was taken on all 5 recommendations.

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Status Report to the Board of Supervisors by IAD

#### **MATERIAL FINDING:**

Department and Description	Comments
	None issued during January 2007.
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#### **NON-MATERIAL FINDINGS**

	Department and Description	Comments
1	DEPT: Health Care Agency  TITLE: Second and Final Close- Out Follow Up Audit of Contract Administration and Cash Disbursements (Original Audit No. 2530)  Audit No.: 2637-C	SCOPE: 2nd Follow-Up Audit of HCA contract administration and cash disbursements to determine the implementation status of recommendations made in our original audit report dated October 20, 2005 and in our first Follow-Up Audit report dated June 12, 2006. In the first Follow-Up Audit, there were 3 recommendations not fully implemented from the original audit.  Conclusion: We are pleased to report that satisfactory corrective action has taken place on all 3 recommendations. As such, this report represents the final close-out of the original audit.
	ISSUED: January 18, 2007	BACKGROUND: The original audit assessed controls and processes over cash disbursements made to human services contractors and fiscal monitoring processes for validating contractor expenditures. HCA had approximately 414 human services contracts with a budget totaling approximately \$180 million. HCA administers contracts with external providers of alcohol, drug abuse, mental health, public health, and medical services. HCA/Contracts perform on-site reviews of contractors, and for some contracts, they use external CPA firms to perform fiscal monitoring.  TYPE OF RECOMMENDATIONS: Perform timely Annual Site Visits and Fiscal/Administrative Reviews; improve documentation of site visits and fiscal reviews; update policies and procedures based upon current practices.

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	Department and Description	Comments
3.	DEPT: John Wayne Airport  TITLE: First and Final Close-Out Follow-Up Audit of Limited Review of License Revenue for Coast Leasing Corporation dba Advantage Rent-A-Car, Original Audit No. 2581	SCOPE: 1 <sup>st</sup> Follow-Up Audit of the Limited Review of License Revenue for Advantage Rent-A-Car to determine the implementation status of recommendations made in our original audit report dated September 6, 2006. In that audit, we identified 5 control findings resulting in 5 recommendations.  CONCLUSION: We are pleased to report that satisfactory corrective action has taken place on all 5 recommendations. As such, this report represents the final close-out of the original audit.
	Audit No.: 2650-F ISSUED: January 31, 2007	BACKGROUND: The original audit was a limited review of license revenue pertinent to the license agreement between the County and Coast Leasing Corporation dba Advantage Rent-A-Car, effective October 2, 2002. The license agreement was for the operation of an off-airport rental car business at John Wayne Airport.  Type of Recommendations: License compliance regarding: classification of airport customers, reporting of fuel reimbursements, and amount of security deposit.

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