



# Internal Audit Department

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

**High  
Impact  
Audit**

**AUDIT HIGHLIGHT      APRIL 2, 2013**

**Audit Oversight  
Committee  
Priority**

## INTERNAL CONTROL AUDIT JOHN WAYNE AIRPORT CHANGE ORDER PROCESS FOR THE AIRPORT IMPROVEMENT PROGRAM Audit No. 1125

### WHY IS THIS AUDIT IMPORTANT?

The Airport Improvement Program at John Wayne Airport (JWA) was one of the County's largest public works projects and its budget totaled **\$543 million**. Between July 1, 2008 and March 31, 2012, JWA executed **1,451 change orders** totaling **\$58 million** in connection with the Airport Improvement Program.

JWA's Airport Improvement Program was approved by the Orange County Board of Supervisors for the construction of new facilities to meet the growing needs of the traveling public. The Airport Improvement Program created additional terminal area capacity in the form of aircraft gates, hold rooms, concessions, passenger/baggage screening capabilities, and additional parking. It also helped redistribute traffic between Terminals A, B, and C, to balance operations throughout the terminal complex. A key objective of the Airport Improvement Program was to ensure the new facilities are designed and developed to create a single, seamless environment for passengers. In calendar year 2011, JWA ranked 43<sup>rd</sup> for the number of passenger boarding at US airports.

### WHAT THE AUDITORS FOUND?

#### Successes

Our audit found that internal controls were adequate and effective to ensure **1,451 change orders** totaling **\$58 million** were accurate, valid, supported, properly recorded, and authorized; complied with County and JWA policies and procedures; and JWA's change order process was efficient and effective.

#### Audit Findings and Control Recommendations

Our audit disclosed **five (5) Control Findings** concerning incomplete documentation to support the evaluation of change order costs for Architect-Engineer service contracts; the reason for overriding an outside technical advisor's opinion was not documented; separate change order logs were not reconciled; select policies and procedures not updated; and where compliance with JWA policies and procedures should be improved for Architect-Engineer service contracts.